Lake County Community College District
d/b/a Lakeland Community College

Lake County

Single Audit Report
For the year ended June 30, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Trustees
Lake County Community College District
d/b/a Lakeland Community College
7700 Clocktower Drive
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We have reviewed the *Independent Auditor's Report* of the Lake County Community College District d/b/a Lakeland Community College, Lake County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Lake County Community College District d/b/a Lakeland Community College is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

January 10, 2024

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Independent Auditor's Report

To the Board of Trustees
Lake County Community College District
d/b/a Lakeland Community College

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Lake County Community College District d/b/a Lakeland Community College (Lakeland Community College or the "College") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise Lakeland Community College's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Lakeland Community College as of June 30, 2023 and the respective changes in its financial position and, where applicable, its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the College and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2023, the College adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Trustees
Lake County Community College District
d/b/a Lakeland Community College

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the College's proportionate share of the net pension liability, the schedules of the College's pension contributions, the schedules of the College's proportionate share of net OPEB liability, and the schedules of the College's OPEB contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Trustees
Lake County Community College District
d/b/a Lakeland Community College

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lake County Community College District d/b/a Lakeland Community College's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the and the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023 on our consideration of Lake County Community College District d/b/a Lakeland Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lake County Community College District d/b/a Lakeland Community College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lake County Community College District d/b/a Lakeland Community College's internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 21, 2023

Management's Discussion and Analysis (Unaudited)

The management's discussion and analysis of Lake County Community College District d/b/a Lakeland Community College's (Lakeland Community College, Lakeland, or the "College") annual financial statements provides an overview of the College's financial activities for the years ended June 30, 2023 and 2022. Management has prepared the financial statements and the related note disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's administration.

Using this Report

The College's annual report consists of a series of financial statements prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as amended by GASB Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. The financial statements focus on the financial condition, the results of operations, and the impact on cash flows of the College as a whole.

One of the most important questions asked about the College's finances is whether the College as a whole is better off, or worse off, as a result of the current year's activities. The keys to understanding this question are the statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows. These statements present financial information in a form similar to that used by corporations. The College's net position is one indicator of its financial health. Over time, increases or decreases in net position point out the improvement or erosion of the College's financial health when considered with nonfinancial facts (such as enrollment levels, state changes in funding, facility changes, etc.).

The statement of net position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the College. It is prepared using the accrual basis of accounting. Revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the services, regardless of when cash is exchanged.

The statement of revenues, expenses, and changes in net position presents the revenue earned and the expenses incurred during the year. Activities are reported as either operating or nonoperating. The financial reporting model classifies that state and local appropriations, as well as gifts, are treated as nonoperating revenue. Since dependency on the State of Ohio and local aid is recognized as nonoperating revenue under accounting principles generally accepted in the United States of America, a public college normally presents operating results as a deficit. The utilization of long-lived assets, primarily capital assets, is presented in the financial statements as depreciation.

Another important factor to consider when evaluating the College's financial viability is the College's ability to meet financial obligations as they mature. One measure of this factor is the College's working capital or the relationship of its current assets less its current liabilities.

The statement of cash flows presents information related to cash inflows and outflows summarized by operating, noncapital financing, capital financing, and investing activities and illustrates the College's sources and uses of cash.

Management's Discussion and Analysis (Unaudited) (continued)

The College adheres to GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. In that regard, The Lakeland Foundation is recognized as a discretely presented component unit due to the significant operational and financial relationships maintained with the College. The Lakeland Foundation's purpose is to support and promote excellence at the College by fundraising. It is a legally separate entity governed by its own board of directors. Discrete financial information is presented on pages 17 and 18, and in Notes 1 and 14.

Condensed Statements of Net Position

	June 30	
	2023	2022
Assets		
Current assets	$ 29,655,674	$ 36,655,642
Noncurrent assets:		
Capital	117,216,010	117,800,400
Other	10,131,130	10,134,887
Total assets	157,002,814	164,590,929
Deferred Outflows of Resources		
Pensions	11,676,327	10,988,598
Other postemployment benefits	1,456,010	1,647,156
Total deferred outflows	13,132,337	12,635,754
Liabilities		
Current liabilities	$ 16,755,538	$ 23,071,452
Noncurrent liabilities	139,045,786	124,143,891
Total liabilities	155,801,324	147,215,343
Deferred Inflows of Resources		
Property taxes	9,636,548	9,919,065
Pensions	7,789,526	29,605,709
Other postemployment benefits	10,900,580	10,747,996
Leases	693,788	302,450
Total deferred inflows	29,020,442	50,575,220
Net Position		
Net investment in capital assets	34,793,543	34,104,657
Restricted	413,534	381,665
Unrestricted	(49,893,692)	(55,050,202)
Total net position	**$ (14,686,615)**	**$ (20,563,880)**

Analysis of Overall Financial Position

At June 30, 2023, current assets amounted to $29.7 million as compared to $36.7 million at June 30, 2022, a decrease of $7.0 million. Current liabilities at June 30, 2023 amounted to $16.8 million as compared to $23.1 million at June 30, 2022, a decrease of $6.3 million. The College's working capital ratio was 1.8 and 1.6 at June 30, 2023 and 2022, respectively.

The decrease in current assets at June 30, 2023 is primarily attributable to a decrease in cash and cash equivalents of $5.6 million, a decrease in intergovernmental receivables of $1.5 million, lower restricted cash and cash equivalents of $0.2 million, and lower loans and other receivables of $0.1 million, partially offset by an increase in short-term investments of $0.4 million.

The decrease in current liabilities at June 30, 2023 is primarily attributable to a decrease in unearned revenue of $6.8 million due to the recognition of the remaining institutional grants awarded under Higher Education Emergency Relief Fund (HEERF) III, along with a decrease in accounts payable and accrued liabilities of $0.2 million, partially offset by an increase in debt payable of $0.1 million.

Noncurrent assets are comprised of capital assets, restricted investments, investments, lease receivable, loans receivable, and a net other postemployment benefits (OPEB) asset recognized under GASB 75. The decrease in noncurrent assets of $0.6 million during 2023 is primarily attributable to decreases in investments and net capital assets due to capital asset additions being more than offset by the College's annual recognized depreciation charge, partially offset by increases in net OPEB asset and lease receivable - noncurrent. Current year capital asset additions consist of various College and State funded projects (C-building roof, E-building renovation, and Veterans Center relocation project), land improvements, infrastructure improvements, information technology upgrades, healthcare equipment, and other planned equipment replacements.

The increase in noncurrent liabilities in 2023 of $14.9 million is primarily attributable to an increase in the College's pension liability recognized under GASB 68, partially offset by decreases in both debt payable and the College's OPEB liability recognized under GASB 75.

The net pension liability (NPL) is the second largest liability reported by the College at June 30, 2023 and 2022 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. Effective July 1, 2017, the College adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to OPEB. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the College's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the College's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the College is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statements of net position.

In accordance with GASB 68 and GASB 75, the College's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

The increase in deferred outflows of resources in 2023 of $0.5 million is primarily due to an increase in deferred outflows of resources related to GASB 68, reflecting pension activity as reported by School Employees Retirement System of Ohio (SERS) and State Teachers Retirement System of Ohio (STRS), offset in part by a decrease in deferred outflows of resources related to GASB 75, reflecting other postemployment benefit activity as reported by SERS and STRS.

Management's Discussion and Analysis (Unaudited) (continued)

The decrease in deferred inflows of resources in 2023 of $21.6 million is primarily due to GASB 68, reflecting pension activity as reported by SERS and STRS, in addition to a decrease related to property taxes, offset in part by an increase in deferred inflows of resources attributable to GASB 75, reflecting other postemployment benefit activity as reported by SERS and STRS.

The College's net position amounted to $(14.7) million and $(20.6) million at June 30, 2023 and 2022, respectively. The increase in the College's net position during 2023 was primarily attributable to a net credit to pension expense recognized under GASB 68, in addition to a net credit to other postemployment benefits (OPEB) expense recognized under GASB 75.

Capital Assets and Long-term Debt Activity

The College utilizes state capital appropriations, internal funds, debt proceeds, and gifts and other grants for capital asset expenditures. State capital appropriations are on a biennium basis, and individual institutions' capital funding allocations are based on projects that meet the Governor's goals for the State.

During 2023, the College utilized $1.7 million in state capital appropriations, and $4.6 million in internal funds including debt proceeds, and purchased $6.3 million of capital assets.

In 2021, the College issued $2.75 million of General Receipts Bonds, Series 2020, dated September 29, 2020, for the purpose of, among other things, funding the interest due on the Series 2019 Certificates of Participation through April 1, 2021, and funding a portion of the interest due on the Series 2019 Certificates of Participation on October 1, 2021. The Series 2020 Bonds are at a fixed interest rate of 2.95 percent and a final maturity in 2035.

In 2020, the College issued $17.8 million of General Receipts Refunding Bonds, Series 2019, for the purpose of refunding the $20.7 million Series 2014 Bonds, dated November 25, 2014. The Series 2019 Bonds are at fixed interest rates ranging from 3.0 percent to 5.0 percent and a final maturity in 2039.

In 2019, the College issued $22.5 million of Certificates of Participation for the purpose of refinancing the $10.0 million Tax Anticipation Notes, Series 2017A, dated January 18, 2017 and the $10.0 million Tax Anticipation Notes, Series 2017B, dated July 19, 2017. The Certificates are at fixed interest rates ranging from 3.125 percent to 5.0 percent and a final maturity in 2044.

In 2016, the College issued the Series 2016A Bonds in the amount of $21.5 million representing the par amount of the bonds, at fixed interest rates ranging from 2.0 percent to 5.0 percent and a final maturity in 2042. The notes are dated February 9, 2016. Bond proceeds were used for all or a part of the cost of purchasing sites and for the erection, furnishing, and equipment of buildings, including buildings used for Applied Health Technology, Science and Bio-Science.

In 2016, the College issued the Series 2016B Bonds in the amount of $9.0 million representing the par amount of the bonds, at fixed interest rates ranging from 2.0 percent to 3.25 percent and a final maturity in 2025. The notes are dated February 9, 2016. Bond proceeds were used for defeasance of the Series 2008 and Series 2011 Tax Anticipation Notes.

In 2016, the College issued the Series 2016C Bonds in the amount of $8.6 million representing the par amount of the bonds, at fixed interest rates ranging from 3.5 percent to 4.0 percent and a final maturity in 2035. The notes are dated March 2, 2016. Bond proceeds were used for the purpose of retiring the College's Facilities

Management's Discussion and Analysis (Unaudited) (continued)

Construction and Improvement Notes, Series 2015, issued for the purpose of financing all or a part of the cost of purchasing sites and for the erection, furnishing, and equipment of buildings, including buildings used for Applied Health Technology, Science and Bio-Science.
The 0.4 mills levy approved by Lake County (the "County") voters on November 3, 2015 will fully fund the debt service requirements on the College's Series 2016 Bonds.

In 2016, the College entered into a $10.4 million loan agreement with the Ohio Air Quality Development Authority (OAQDA) at fixed interest rates ranging from 1.85 percent to 3.62 percent and a final maturity in 2029. The loan agreement is dated June 8, 2016. The proceeds were used to assist in the financing of certain air quality facilities in the form of energy conservation measures installed in the Lakeland Health Technology Building owned by the College.

During 2023 and 2022, the College paid $3.3 million and $3.1 million, respectively, in connection with debt maturities. The College is in compliance with all of its contractual long-term debt requirements and covenants.

More detailed information about the College's capital assets and long-term debt is presented in Notes 5 and 6 of the financial statements.

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Management's Discussion and Analysis (Unaudited) (continued)

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended June 30	
	2023	2022
Operating Revenue		
Student tuition and fees - Net	$ 8,553,196	$ 9,378,848
Grants, contracts, and other revenue	2,042,539	2,681,393
Auxiliary enterprises - Net	1,749,786	1,783,249
Total operating revenue	12,345,521	13,843,490
Operating Expenses	57,161,696	60,877,006
Operating Loss	(44,816,175)	(47,033,516)
Nonoperating Revenue (Expenses)		
State appropriations	18,431,005	19,260,557
Local appropriations	21,337,929	21,025,709
Federal grants and contracts	6,522,729	11,690,590
Pell grant revenue - Net of refunds	4,802,274	4,793,019
Other nonoperating revenue and expenses - Net	(2,122,389)	(3,169,598)
Total nonoperating revenue	48,971,548	53,600,277
Gain - Before other changes	4,155,373	6,566,761
Other Changes		
Capital appropriations from the State of Ohio	1,692,288	204,535
Capital grants and gifts	29,604	8,525
Total other changes	1,721,892	213,060
Increase in Net Position	5,877,265	6,779,821
Net Position - Beginning of year	(20,563,880)	(27,343,701)
Net Position - End of year	**$ (14,686,615)**	**$ (20,563,880)**

Analysis of Results of Operations

Total revenue for the years ended June 30, 2023 and 2022 was $63.0 million and $67.7 million, respectively, of which operating revenue amounted to $12.3 million and $13.8 million, respectively. Operating revenue decreased $1.5 million, or 10.8 percent. Total operating expenses for the years ended June 30, 2023 and 2022 were $57.2 million and $60.9 million, respectively. Operating expenses decreased $3.7 million, or 6.1 percent. The College's operating loss amounted to $44.8 million during 2023 compared to $47.0 million in 2022, which represented a decrease of $2.2 million, or 4.7 percent.

Management's Discussion and Analysis (Unaudited) (continued)

Student tuition and fees, net, are comprised of credit and noncredit instruction revenue. A breakdown and comparison of this revenue is as follows:

Credit and Noncredit Instruction Revenue

	Years Ended June 30	
	2023	2022
	(dollars in millions)	
Credit instruction	$ 12.0	$ 12.4
Less Pell grants and scholarship allowances	(4.5)	(4.4)
Net credit instruction	7.5	8.0
Noncredit instruction	0.1	0.2
Other	1.0	1.2
Total	**$ 8.6**	**$ 9.4**

Student tuition and fees, net, was lower during 2023 as compared to 2022.

Credit instruction tuition and fees, net, decreased by $0.5 million in 2023 as compared to 2022. Gross credit instruction and fees decreased by 3.2 percent. The decrease is primarily attributable to declines in summer, fall, and spring enrollment of 4.7 percent, 4.6 percent, and 4.8 percent, respectively. Gross credit instruction and fees are offset by Pell grants and other scholarship allowances of $4.5 million during 2023 as compared to $4.4 million during 2022.

Noncredit instruction revenue decreased by $0.1 million during 2023 as compared to 2022.

Grants, contracts, and other revenue decreased by $0.6 million during 2023 as compared to 2022. The decrease is primarily attributable to a decrease in other operating revenue of $0.3 million, lower state grants and contracts of $0.2 million, and lower federal grants and contracts of $0.1 million.

Auxiliary enterprises revenue is comprised primarily of bookstore and event services and campus dining revenue. Revenue decreased by 1.9 percent for these operations during 2023 as compared to 2022, primarily attributable to a decline in bookstore sales attributable to a decrease in enrollment and the increasing trend of utilizing open source textbooks, partially offset by an increase in event services and campus dining revenue due to an increase in activity.

The College's nonoperating revenue is comprised primarily of the State of Ohio (the "State") and local appropriations, federal grants and contracts (including HEERF institutional funding and HEERF student funding), and federal Pell grant revenue. State appropriations include the College's State Share of Instruction ("SSI") support.

The College's State funding for operational support is determined legislatively and controlled through the Ohio Department of Higher Education. State Share of Instruction (SSI) is a formula that determines and allocates available 2023 State funds to each two-year institution based on: (a) course completions, (b) success points, and (c) degrees and certificates earned. State support decreased during 2023 by $0.8 million, or 4.3 percent, as compared with 2022.

Management's Discussion and Analysis (Unaudited) (continued)

Local appropriations increased by $0.3 million or 1.5 percent during 2023 as compared to 2022. The increase is primarily due to higher real estate and personal property tax collections attributable to a strong local economy and growth in collections.

Federal grants and contracts decreased by $5.2 million during 2023 as compared to 2022 primarily due to a decrease in HEERF student funding of $6.7 million, partially offset by an increase in HEERF institutional funding of $1.5 million.

Pell grant revenue was flat during 2023 as compared to 2022.

Other nonoperating revenue and expenses - net decreased by $1.0 million during 2023 as compared to 2022, primarily due to an increase in unrestricted investment income – net of investment expenses.

Operating expenses include educational and general expenses, auxiliary enterprises, and depreciation. Pension and OPEB related expenses are included in educational and general expenses, as well as auxiliary enterprises. A breakdown and comparison of these expenses are as follows:

Operating Expense Summary

	Years Ended June 30	
	2023	2022
	(dollars in millions)	
Educational and general:		
Instruction and departmental research	$ 23.5	$ 21.2
Public service	0.4	0.8
Academic support	4.4	4.0
Student services	6.3	12.5
Institutional support	8.5	8.3
Operation and maintenance of facilities	5.1	5.5
Total educational and general	48.2	52.3
Auxiliary enterprises	2.2	2.1
Depreciation and amortization	6.8	6.5
Total operating expenses	**$ 57.2**	**$ 60.9**

Educational and general expenses decreased during 2023 by $4.1 million or 7.8% as compared to 2022, primarily attributable to a $6.7 million decrease in (HEERF III) student emergency financial aid grants, in addition to a higher net credit of $0.7 million to OPEB expense recognized under GASB 75. Total compensation, exclusive of allocated pension and OPEB expenses, decreased during 2023 by $0.7 million or 1.7%. Additional decreases included lower pandemic supply expense, sick leave reserve expense, advertising and publicity expense, and maintenance contracts. These decreases were partially offset by a lower net credit of $5.4 million to pension expense recognized under GASB 68.

Auxiliary enterprises expense increased during 2023 by 6.8% as compared to 2022, primarily attributable to an increase in expense for event services and campus dining due to an increase in activity, partially offset by lower bookstore costs due to lower sales during 2023 due to enrollment declines and the increasing trend of utilizing open source textbooks. In addition, for 2023 there was a lower net credit to pension expense allocated to auxiliary enterprises.

Management's Discussion and Analysis (Unaudited) (continued)

Depreciation expense is higher by 5.3% for 2023 as compared to 2022 due to additional capital expenditures related to the C-Building roof, land improvements, infrastructure improvements, information technology upgrades, healthcare equipment, and other planned equipment replacements.

From a budgetary perspective, the College utilizes fund-based accounting to control unrestricted revenue, expenditures, and transfers. The following is a summary for the years ended June 30, 2023 and 2022, providing a comparison of net changes to fund balance, budget versus actual, for the College's unrestricted funds.

Unrestricted Funds Budget to Actual Comparison

Changes to Fund Balances -	2023		2022	
by Unrestricted Fund Type	Adopted Budget	Actual	Adopted Budget	Actual
	(dollars in millions)		(dollars in millions)	
General operating	$ 1.9	$ 1.0	$ 0.2	$ 0.4
Auxiliary	-	(0.2)	0.1	0.1
Plant	-	(0.4)	-	-
Total	**$ 1.9**	**$ 0.4**	**$ 0.3**	**$ 0.5**

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Management's Discussion and Analysis (Unaudited) (continued)

Statements of Cash Flows

Cash Flows for the Years Ended June 30

	2023	2022
Net Cash and Cash Equivalents (Used in) Provided by		
Operating activities	$ (48,449,324)	$ (48,781,482)
Noncapital financing activities	$ 51,110,846	56,370,254
Capital and related financing activities	$ (9,613,396)	(9,261,005)
Investing activities	$ 1,108,569	(1,669,882)
Net (Decrease) Increase in Cash and Cash Equivalents	$ (5,843,305)	(3,342,115)
Cash and Cash Equivalents - Beginning of year	$ 11,393,721	14,735,836
Cash and Cash Equivalents - End of year	**$ 5,550,416**	**$ 11,393,721**

Major sources of cash included student tuition and fees of $8.4 million in 2023 and $10.7 million in 2022; state appropriations of $18.4 million in 2023 and $19.3 million in 2022; local appropriations of $21.3 million in 2023 and $20.6 million in 2022; grants and contracts of $0.6 million in 2023 and $1.4 million in 2022; auxiliary sales and services of $2.0 million in 2023 and $1.8 million in 2022; and federal stimulus, institutional of $6.5 million in 2023 and $5.0 million in 2022.

Major uses of cash included employee compensation and benefits totaling $43.4 million in 2023 and $43.7 million in 2022; purchases of investments totaling $0.6 million in 2023 and $2.0 million in 2022; suppliers of goods and services totaling $9.8 million in 2023 and $4.6 million in 2022; principal payments on capital debt totaling $3.3 million in 2023 and $3.1 million in 2022; and interest payments on capital debt totaling $2.9 million in 2023 and $3.1 million in 2022.

Factors Impacting Future Periods

The level of state and local support, student tuition and fee increases, compensation, and other cost increases impact the College's ability to expand programs, undertake new initiatives, and meet its core mission and on-going operational needs.

The College places significant reliance on state appropriations. State income and budget constraints may, from time to time, compel stabilization or reduction to levels of state assistance and support for higher education in general and the College in particular. In addition, the SSI appropriations are subject to subsequent limitations, which provide in part that if the governor ascertains that the available revenue receipts and balances for the current fiscal year will in all probability be less than the appropriations for the year, orders shall be issued to prevent the expenditure and incurred obligations from exceeding those revenue receipts and balances.

The College's state funding for operational support is determined legislatively and controlled through the Department of Higher Education. Under the current formula, the 2023 funding model for community and technical colleges will consist of three components: (1) course completions, (2) success points, and (3) degrees and certificates earned. Overall, State appropriations for higher education are 1.4% higher in 2024 as compared to 2023.

Management's Discussion and Analysis (Unaudited) (continued)

Local appropriations in the form of property taxes are another critical element of support. The electors within the County must approve any Lakeland Community College property tax. The College collects property taxes for operating and capital purposes from three levies approved by the County voters: a 1.7 mills for a continuing period, a 1.5 mills for 10 years, and a 0.4 mills for 27 years. The 1.7 mills replacement levy was approved by County voters on November 2, 2010 and the 1.5 mills stated rate levy was renewed on November 8, 2011. The 0.4 mills levy was approved by County voters on November 3, 2015 and will be used to fund the debt service on the College's Series 2016 Bonds. Variations in funding, outside the levy mill amounts is threatened by property devaluations and the level of delinquent taxes collected each year.

Instructional fees are limited by both enrollment declines and the inability to raise tuition beyond a certain level as determined by the State Legislature. The College's 2024 budget reflects an anticipated enrollment decline of 7.0 percent from 2023. The State's current biennium budget, House Bill 33, authorizes a $5 per credit hour increase for 2024 over what the College charged in the previous academic year. Tuition for 2024 will increase by $5 per credit hour for in-county, out-of-county, and out-of-state students.

Contacting the College's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Michael Graff, Controller at Lakeland Community College, 7700 Clocktower Drive, Kirtland, Ohio 44094 or email at mgraff1@Lakelandcc.edu.

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Lake County Community College District
d/b/a Lakeland Community College

Statement of Net Position
June 30, 2023

Assets	
Current assets:	
Cash and cash equivalents (Note 3)	$ 2,606,194
Restricted cash and cash equivalents (Note 3)	2,944,222
Short-term investments (Note 3)	1,840,335
Intergovernmental receivables - Net	12,546,283
Lease receivable (Note 4)	57,991
Loans and other receivables - Net (Note 4)	8,297,974
Inventories	345,992
Prepaid assets	1,016,683
Total current assets	29,655,674
Noncurrent assets:	
Restricted investments (Note 3)	505,305
Investments (Note 3)	5,282,211
Lease receivable, noncurrent (Note 4)	645,868
Loans receivable - Net (Note 4)	5,967
Capital assets - Net (Note 5)	117,216,010
Net other postemployment benefits asset (Note 10)	3,691,779
Total noncurrent assets	127,347,140
Total assets	157,002,814
Deferred Outflows of Resources	
Pensions (Note 9)	11,676,327
Other postemployment benefits (Note 10)	1,456,010
Total deferred outflows	13,132,337
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	$ 3,173,374
Unearned revenue	7,978,121
Subscription liability (Note 6)	568,914
Lease payable (Note 6)	90,950
Debt payable (Note 6)	3,683,408
Compensated absences (Note 6)	1,260,771
Total current liabilities	16,755,538
Noncurrent liabilities:	
Subscription liability, noncurrent (Note 6)	817,030
Lease payable, noncurrent (Note 6)	278,332
Pensions (Note 6, 9)	53,028,138
Other postemployment benefits (Note 6, 10)	5,377,497
Debt payable (Note 6)	78,532,177
Compensated absences (Note 6)	1,012,612
Total noncurrent liabilities	139,045,786
Total liabilities	155,801,324
Deferred Inflows of Resources	
Property taxes (Note 8)	9,636,548
Pensions (Note 9)	7,789,526
Other postemployment benefits (Note 10)	10,900,580
Leases	693,788
Total deferred inflows	29,020,442
Net Position	
Net investment in capital assets	34,793,543
Restricted for:	
Nonexpendable for endowment purposes	413,534
Unrestricted	(49,893,692)
Total net position	**$ (14,686,615)**

The Accompanying Notes are an Integral Part of these Financial Statements.

Lake County Community College District
d/b/a Lakeland Community College

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023

Operating Revenue	
Operating revenue:	
Tuition and fees - Net of $4,492,336 in Pell and scholarship allowances	$ 8,553,196
Federal grants and contracts	472,332
State grants and contracts	286,641
Private grants and contracts	153,994
Sales and services	715,153
Auxilliary activities - Net of $309,938 in Pell and scholarship allowances	1,749,786
Other operating revenue	414,419
Total operating revenue	12,345,521
Operating Expenses	
Operating expenses:	
Educational and general:	
Instruction and departmental research	23,457,569
Public service	391,330
Academic support	4,456,981
Student services	6,327,377
Institutional support	8,468,068
Operation and maintenance of facilities	5,060,270
Total educational and general	48,161,595
Auxiliary enterprises	2,199,976
Depreciation and amortization	6,800,125
Total operating expenses	57,161,696
Operating Loss	(44,816,175)
Nonoperating Revenue (Expenses) - Net	
State appropriations (Note 7)	18,431,005
Local appropriations (Note 8)	21,337,929
Federal grants and contracts	6,522,729
Pell grant revenue - Net of refunds	4,802,274
Unrestricted investment income - Net of investment expense	331,430
Restricted investment income - Net of investment expense	168,810
Interest on capital asset - Related debt	(2,622,629)
Total nonoperating revenue - Net	48,971,548
Income - Before other changes	4,155,373
Other Changes	
Capital appropriations from the State of Ohio (Note 7)	1,692,288
Capital grants and gifts	29,604
Total other changes	1,721,892
Increase in Net Position	5,877,265
Net Position - Beginning of year	(20,563,880)
Net Position - End of year	**$ (14,686,615)**

The Accompanying Notes are an Integral Part of these Financial Statements.

Lake County Community College District
d/b/a Lakeland Community College

Statement of Cash Flows
For the Year Ended June 30, 2023

Cash Flows from Operating Activities	
Tuition and fees - Net	$ 8,354,213
Grants and contracts	639,842
Payments to suppliers and utilities	(9,754,995)
Payments for compensation and benefits	(43,426,570)
Federal drawdowns	5,204,340
Federal drawdowns applied to tuition - Disbursed to students	(11,608,693)
Auxiliary sales and services	1,988,874
Other	153,665
Net cash used in operating activities	(48,449,324)
Cash Flows from Noncapital Financing Activities	
State appropriations	18,431,005
Local appropriations	21,337,929
Federal Pell - Net of refunds	4,802,274
Federal Stimulus, Institutional	6,522,729
Federal Stiumulus, Students	16,909
Net cash provided by noncapital financing activities	51,110,846
Cash Flows from Capital and Related Financing Activities	
Capital gift	29,604
Purchases of capital assets	(2,430,171)
Principal paid on capital debt - Net	(3,275,203)
Principal paid on subscriptions	(1,385,944)
Principal paid on leases	(85,967)
Proceeds from leases	392,462
Interest paid on capital debt	(2,858,177)
Net cash used in capital and related financing activities	(9,613,396)
Cash Flows from Investing Activities	
Proceeds from sales and maturities of investments	1,213,200
Purchase of investments	(604,871)
Interest on investments	500,240
Net cash provided by investing activities	1,108,569
Net Decrease in Cash and Cash Equivalents	(5,843,305)
Cash and Cash Equivalents - Beginning of year	11,393,721
Cash and Cash Equivalents - End of year	**$ 5,550,416**
Classification of Cash and Cash Equivalents	
Cash and cash equivalents	$ 2,100,889
Restricted cash and cash equivalents	3,449,527
Total cash and cash equivalents	**$ 5,550,416**

The Accompanying Notes are an Integral Part of these Financial Statements.

Lake County Community College District
d/b/a Lakeland Community College

Statement of Cash Flows (Continued)
For the Year Ended June 30, 2023

Reconciliation of Operating Loss to Net Cash used in Operating Activities:	
Operating Loss	$ (44,816,175)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization expense	6,800,125
Net subscription expense	(1,047,037)
Net lease expense	(85,967)
Net pension expense	(2,891,073)
Net other postemployment benefits (OPEB) expense	(1,788,488)
Decrease (Increase) in assets:	
Accounts receivable	942,003
Lease receivables	392,462
Inventories	3,169
Other assets	(121,292)
Increase (Decrease) in liabilities:	
Accounts payable and accrued liabilities	971,114
Unearned revenue	103,050
Other liabilities	(6,772,162)
Compensated absences	(139,053)
Net cash used in operating activities	**$ (48,449,324)**
Noncash Investing and Capital Activities	
State capital projects paid directly to vendors on College behalf	$ 1,692,288
Capital assets purchased on credit	572,028
Unrealized Gain on Investments	1,345

The Accompanying Notes are an Integral Part of these Financial Statements.

Lake County Community College District
d/b/a Lakeland Community College

Statement of Financial Position
Component Unit – The Lakeland Foundation
June 30, 2023

Assets		
Assets		
Cash and cash equivalents	$	530,117
Cash held for others		7,362
Investments		9,776,911
Receivables - Net of allowances:		
Accounts receivable		134,407
Pledges receivable		488,708
Loans receivable		35,539
Total receivables - Net of allowances		658,654
Other assets		2,048
Total assets	$	10,975,092
Liabilities and Net Assets		
Liabilities		
Payables (scholarship and trade)	$	25,071
Deferred revenue		38,750
Due to custodial funds		7,362
Total liabilities		71,183
Net Assets		
Without donor restrictions		254,230
With donor restrictions		10,649,679
Total net assets		10,903,909
Total liabilities and net assets	$	10,975,092

The Accompanying Notes are an Integral Part of these Financial Statements.

Statement of Activities and Changes in Net Assets
Component Unit – The Lakeland Foundation
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support from Operations			
Contributions of cash and other financial assets	$ 155,031	$ 3,284,268	$ 3,439,299
Contributions of nonfinancial assets	-	235,948	235,948
Contributed services and supplies from LCC	439,069	-	439,069
Net realized and unrealized gains on investments and other investment income	9,865	673,724	683,589
Net assets released from restrictions	980,982	(980,982)	-
Total revenue, gains, and other support	1,584,947	3,212,958	4,797,905
Expenses			
Program services:			
Scholarships	544,760	-	544,760
Educational and related programs	282,314	-	282,314
In-kind educational and related programs	17,860	-	17,860
Contributed services and supplies from LCC	120,230	-	120,230
Total program services	965,164	-	965,164
Support services:			
Administrative	234,978	-	234,978
Fundraising	2,788	-	2,788
Fundraising - In kind	6,647	-	6,647
Contributed services and supplies from LCC	318,839	-	318,839
Total support services	563,252	-	563,252
Total expenses	1,528,416	-	1,528,416
Increase in Net Assets	56,531	3,212,958	3,269,489
Net Assets - Beginning of year	197,699	7,436,721	7,634,420
Net Assets - End of year	$ 254,230	$ 10,649,679	$ 10,903,909

The Accompanying Notes are an Integral Part of these Financial Statements.

Note 1: Basis of Presentation and Significant Accounting Policies

Lake County Community College District d/b/a Lakeland Community College (the "College") is a two-year community college and a political subdivision of the State of Ohio (the "State"). The College is exempt from filing a federal tax return based upon the ruling it received from the Internal Revenue Service dated August 27, 1968.

The financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*. This standard requires examination of significant operational or financial relationships with the College and establishes criteria for identifying and presenting component units of the organization. Based on this examination and application of the criteria, the College has identified one component unit: The Lakeland Foundation. A component unit is a separate legal entity that is included in the College's reporting entity because of the significance of its operational financial relationships with the College.

The Lakeland Foundation (the "Foundation") is discretely reported as part of the College's reporting entity (although it is legally separate and governed by its own Board of Directors) because its sole purpose is to provide support for the College. The Foundation is a private organization that reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from those under the GASB. No modifications have been made to the Foundation's financial information included in the College's financial report to account for these differences. Separate financial statements of the Foundation may be obtained by contacting The Lakeland Foundation, 7700 Clocktower Drive, Kirtland, Ohio 44094-5198.

Basis of Accounting – The accompanying financial statements of the College were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the GASB. The College reports as a business-type activity, as defined by GASB Statement No. 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Economic Resources Measurement Focus and Financial Statement Presentation – Operating revenue and expenses generally result from providing service in connection with the College's principal ongoing operations. The principal operating revenue is student tuition. The College also recognizes as operating revenue grants and contracts classified as exchange transactions and auxiliary activities. Operating expenses include educational costs, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition, including state and local appropriations, are reported as nonoperating revenue and expenses. When the College incurs an expense for which both unrestricted and restricted net position are available, it is the College's policy to first apply restricted resources.

Cash and Cash Equivalents – Cash and cash equivalents are defined as highly liquid investments with a maturity of three months or less when purchased.

Note 1: Basis of Presentation and Significant Accounting Policies (continued)

Cash and Cash Equivalents (continued)

During fiscal year 2023, the College invested in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio, is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Restricted Cash and Cash Equivalents – As of June 30, 2023, restricted cash and cash equivalents of $2,944,222 consist primarily of debt service funds for the Series 2016 Bonds and the Series 2019 General Receipts Bonds.

Inventories – Inventories consist primarily of books and supplies of the College's bookstore and are valued at the lower of cost (first-in, first-out) or market.

Investments – All investments are measured at fair value, based on quoted market prices, in the statements of net position. Investments maturing in one year or less are categorized as short term.

Capital Assets – Capital assets include land, land improvements, infrastructure, buildings, building improvements, construction in progress, equipment, furniture, vehicles, software, and library books. The College is reporting right to use assets related to leased equipment and vehicles. These assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The College is reporting intangible right to use assets related to subscription-based information technology arrangements (SBITAs). These right to use assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying asset. Key estimates and judgments related to SBITAs include how the College determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term. The College uses its estimated incremental borrowing rate as the discount rate for subscriptions. The subscription term includes the noncancelable period of the subscription. The College monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. Subscription assets are reported with other capital assets, and subscription liabilities (current and noncurrent) are reported separately on the statement of net position.

Note 1: Basis of Presentation and Significant Accounting Policies (continued)

Capital Assets (continued)

Capital assets greater than $5,000 are capitalized at cost or, if acquired by donation, at acquisition values as of the date received. When capital assets are sold or otherwise disposed of, the carrying value of such assets and any accumulated depreciation are removed from the statements of net position. The costs of normal maintenance and repairs that do not add to the value of the capital asset or materially extend the capital asset's life are expensed.

Capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method. Equipment, furniture, and vehicles are based on date of acquisition and half-year straight-line method for all other capital assets:

Land improvements	20-30 years
Infrastructure	20-25 years
Buildings and building improvements	5-40 years
Equipment, furniture, and vehicles	3-15 years
Software and library books	3-5 years

Unearned Revenue – Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met because the amounts have not yet been earned. At June 30, 2023, unearned revenue includes amounts received for student tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year, including a portion of summer and all fall registrations.

Reserve for Compensated Absences – Compensated absences, including accumulated unpaid vacation benefits and unpaid sick leave, are accrued to conform to GASB Statement No. 16, *Accounting for Compensated Absences*.

Net Position – Net position is classified according to external donor restrictions or availability of assets for satisfaction of College obligations. Nonexpendable, restricted net positions are gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net position represents funds that have been gifted or granted for specific purposes, funds used for capital projects, and debt service. Net investment in capital assets, consists of capital assets, right to use assets, net of accumulated depreciation and amortization, and outstanding principal balances of debt, accounts payable, accrued liabilities attributable to the acquisition, construction, or improvement of those assets, and the lease liability associated with the right to use assets. Unrestricted net position is not subject to externally-imposed constraints and may be designated for specific purposes by action of the Board of Trustees (the "Board") or may otherwise be limited by contractual agreements with outside parties. For purposes where both restricted and unrestricted net position is available, the College first applies restricted resources when an expense is incurred.

Note 1: Basis of Presentation and Significant Accounting Policies (continued)

Operating Revenues and Expenses – All revenues from tuition, auxiliary enterprises and program specific sources including Federal, State, local and private grants and contracts are considered to be operating revenues. Operating expenses include educational costs, auxiliary enterprises, administrative expenses, and depreciation on capital assets. Educational and administrative costs are reported by program. All revenues and expenses not meeting this definition, including State appropriations, property tax revenues, investment income, and interest on capital asset-related debt, are reported as non-operating revenues and expenses.

Revenue Recognition – State appropriations are recognized when all eligibility requirements are met. Restricted funds are recognized as revenue only to the extent expended. Gifts and interest on student loans are recognized when received. The College's policy for defining operating activities as reported on the statements of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the College's expenses are from exchange transactions.

Grants and Contracts – The College receives grants and contracts from federal, state, and private agencies to fund education programs, research, and other activities. Grants and contracts generally provide for the recovery of direct and indirect costs. Indirect costs recovery is recorded as a percentage of direct costs at negotiated fixed rates. Revenue received under grants and contracts is subject to the examination and retroactive adjustments by the awarding agency.

Pell Grant Reimbursements – Pell grant reimbursements are classified as nonoperating revenue due to their nonexchange nature. The amount recorded as Pell revenue, net of refunds, for the year ended June 30, 2023 was $4,802,274.

Intergovernmental Receivables and Revenue – Local government revenue is recorded as receivables and revenue when the legal right to the funds has occurred. Other federal and state grants and assistance awards made on the basis of entitlement are recorded as intergovernmental receivables and revenue when entitlement occurs.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that apply to a future period and will not be recognized as an outflow of resources (expense) until then. For the College, deferred outflows of resources are reported for pensions (explained in Note 9) and other postemployment benefits (explained in Note 10).

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. For the College, deferred inflows of resources include property taxes, pensions, net OPEB obligations, and leases. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. Deferred inflows of resources related to pensions are explained in Note 9. Deferred inflows of resources related to net OPEB obligations are explained in Note 10. Deferred inflows of resources related to leases are explained in Note 4.

Note 1: Basis of Presentation and Significant Accounting Policies (continued)

Pensions/Other Postemployment Benefits (OPEB) – For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense (reduction of expense), information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension/OPEB plans. The pension/OPEB plans use the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes. Actual results could differ from the estimates.

Bond Premiums – Bond premiums are amortized over the term of the bonds using the straight- line method. Bond premiums are presented as an increase in the face amount of the applicable debt payable. Under Ohio law, premiums on the original issuance of debt are to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

COVID-19 Impact – In early calendar 2020, the world began dealing with the effects of the Coronavirus pandemic (COVID-19). Disruptions to business operations, including government mandated actions and employee, supplier and customer related challenges have affected many businesses. The potential impact of COVID-19 on the College's operations is inherently difficult to predict and could adversely impact its business, financial condition, and/or results of operations.

During fiscal year 2021, additional funding was awarded to the College through the American Rescue Plan (ARP), signed into law on March 11, 2021, providing support to institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic. Under the ARP (HEERF III), the College was awarded $5,882,052 for student emergency financial aid grants. During fiscal year 2023, the remaining balance of $16,909 was applied and recognized as revenue. Also, under the ARP (HEERF III), the College was awarded institutional grants totaling $5,622,717. During fiscal year 2023, the remaining balance of $5,592,842 was applied and recognized as revenue.

During Fiscal Year 2022, the College was awarded an institutional grant in the amount of $929,887 from the U.S. Department of Education through the HEERF - Strengthening Institutions Program (SIP). These funds were applied and recognized as revenue during fiscal year 2023.

Note 2: New Accounting Pronouncements and Change in Accounting Principles

For fiscal year 2023, the College implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements.*

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. This Statement defines a SBITA; establishes

Note 2: New Accounting Pronouncements and Change in Accounting Principles (continued)

that a SBITA results in a right-to-use subscription asset-an intangible asset and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. These changes were incorporated in the College's fiscal year 2023 financial statements. As a result of the implementation of this standard, effective July 1, 2022, the College recorded a right-to-use subscription asset of $1,457,465 with an offsetting subscription liability of $1,457,465.

GASB Statement No. 91, *Conduit Debt Obligations*, issued in May 2019 with the intent of providing a single method of reporting conduit debt obligations and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This pronouncement is effective for reporting periods beginning after December 15, 2021. Implementation of this standard during fiscal year 2023 had no effect on the College's financial statements or disclosures.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued in March 2020, the primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The effective date of this standard is reporting periods beginning after June 15, 2022. Implementation of this standard during fiscal year 2023 had no effect on the College's financial statements or disclosures.

GASB Statements and guidance to be implemented in future reporting periods include the following:

GASB Statement No. 99, *Omnibus 2022*, issued in April 2022, establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements (SBITAs), the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP), nonmonetary transactions, pledges of future revenues, the focus of government-wide financial statements, and terminology. The standard has various effective dates. The College does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, issued in June 2022, enhances the accounting and financial reporting requirements for accounting changes and error corrections. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2024. The College does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

GASB Statement No. 101, *Compensated Absences*, issued in June 2022, updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2025. The College does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

Note 3: Cash and Cash Equivalents and Investments

Cash and Cash Equivalents - Ohio law provides that all funds under the control of the College, regardless of the source thereof, may be deposited in banks or trust companies designated by the College. Such banks and trust companies shall furnish security for every such deposit as is required by Ohio Revised Code (ORC) section 135.18. Each public depository in which the College places deposits must pledge eligible securities of aggregate market value equal to the excess amount of deposits not insured by the Federal Depository Insurance Corporation (FDIC).

At June 30, 2023, the carrying amount of the College's cash balance was $708,861 and the bank balance totaled $1,087,057. The difference represents outstanding checks payable, deposits in transit, and normal reconciling items.

A total of $250,000 of the bank balance was covered by the federal depository insurance for the year ended June 30, 2023. The remainder was specifically secured by U.S. government and municipal securities within the Ohio Pooled Collateral System (OPCS). The College also maintains a small on-hand cash balance to maintain day-to-day operations in the cashier's office, bookstore, and food service operations.

The College has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

> Eligible securities pledged to the College and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
>
> Participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments – The College's investment policy approved by the Board establishes priorities and guidelines regarding the investment management of the College's funds. These priorities and guidelines are based upon Chapters 3354.10, 3345.05, and 135.14 of the Ohio Revised Code (ORC) and prudent money management principles.

The investment objectives of the College, in priority order, include compliance with all federal and state laws, safety of principal, liquidity, and yield. Market risks (including interest rate risk and liquidity risk) and credit risk are managed by Board policies as described below.

Interest Rate Risk – The market value of securities in the College's portfolio will increase or decrease based upon changes in the general level of interest rates. The effects of market value fluctuations will be minimized by maintaining adequate liquidity to pay current obligations, diversification of maturities, and diversification of assets.

Note 3: Cash and Cash Equivalents and Investments (continued)

Liquidity Risk – The portfolio remains sufficiently liquid to meet all current obligations of the College. Minimum liquidity levels are established in order to meet all current obligations without having to sell securities. The College forecasts its cash needs and maintains cash balances (related to daily receipts or for immediate expenditure needs) in an interest-bearing bank account. In addition, funds are also invested in the State of Ohio treasurer's STAR investment program fund. The remaining portfolio at June 30, 2023 is made up of United States Treasury and agency issues, bond mutual funds, and stock mutual funds. These investments are structured so that securities mature concurrently with cash needs.

Credit Risk – Credit risk is the risk of loss due to the failure of a security issuer to pay principal or interest or the failure of the issuer to make timely payments of principal. Credit risk is minimized by (1) diversifying assets by issuer, (2) ensuring that required minimum credit ratings exist prior to the purchase of commercial paper, and (3) maintaining adequate collateralization of certificates of deposits.

Custodial Credit Risk – Investments under management are directed by the College's investment manager, Key Private Bank ("investment manager"). The investment manager shall be either registered with the Securities and Exchange Commission or be licensed by the division of securities under Section 1707.141 ORC, and will possess experience in the management of public funds, specifically in the area of state and local government investment portfolios, or an eligible institution referenced in 135.03 ORC.

The investment manager is authorized to manage the investment funds of the College, which includes the selection of eligible investment assets as defined under applicable sections of the ORC, and the selection of eligible broker dealer firms based upon the criteria as determined by the investment advisor.

The investment manager may execute the purchase and/or sale of securities with eligible Ohio financial institutions, primary securities dealers regularly reporting to the New York Federal Reserve Bank, and regional securities firms or broker dealers licensed with the Ohio Department of Commerce, Division of Securities to transact business in the State of Ohio.

The investment manager, eligible financial institutions, and broker/dealers transacting investment business with the College are required to sign the College's investment policy as an acknowledgment and understanding of the contents of said policy.

Securities purchased for the College are held in a safekeeping account established by the College as provided in Section 135.37 ORC. Securities held in safekeeping by the custodian are evidenced by a monthly statement describing such securities. The custodian may safe keep the College's securities in (1) Federal Reserve Bank book entry form, (2) Depository Trust Company (DTC) book entry form in the account of the custodian or the custodian's correspondent bank, or (3) nonbook entry (physical) securities held by the custodian or the custodian's correspondent bank. Therefore, the custodial risk is limited.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. In 2023, the College had investments in international equity mutual funds of $73,829 (included in the stock mutual funds balance of $375,167), representing less than 1 percent of the College's total investments.

Note 3: Cash and Cash Equivalents and Investments (continued)

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The College's investment policy places no limitation on the amount that may be invested in a single issuer. The College is in full compliance with ORC 135.14 and its own investment policy regarding the concentration of credit risk.

At June 30, 2023, the College's investment portfolio consisted of the following:

2023	Fair Market Value	Less Than One Year	1-4 Years	NRSRO Rating
State Treasurer Asset Reserve Fund (STAR Ohio)	$ 3,854,451	$ 3,854,451	$ -	AAA
Money markets	1,027,792	1,027,792	-	AAA
U.S. Treasury	4,673,612	1,593,607	3,080,005	AAA
U.S. government agency	2,448,934	246,728	2,202,206	AAA
Bond mutual funds	89,450	-	89,450	AA
Stock mutual funds	375,167	-	375,167	N/A
Total cash equivalents and investments	$ 12,469,406	$ 6,722,578	$ 5,746,828	

Investments by Fair Value Level - The College categorizes its fair value measurements at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets and Level 2 inputs are significant other observable inputs.

As of June 30, 2023, the College's investments had the following recurring fair value measurements:

Investment Type	2023	Level 1	Level 2
Money markets	$ 1,027,792	$ 1,027,792	$ -
U.S. Treasury	4,673,612	-	4,673,612
U.S. government agency	2,448,934	-	2,448,934
Bond mutual funds	89,450	89,450	-
Stock mutual funds	375,167	375,167	-
Total investments	$ 8,614,955	$ 1,492,409	$ 7,122,546

The Star Ohio investment balance of $3,854,451 as of June 30, 2023 is not included in the table above as this investment is valued at amortized cost.

Level 1 investments include money market investments that are valued at cost plus accrued interest, which approximates fair value. Level 1 investments also include directly held registered bond and stock mutual funds, and are valued using prices quoted in active markets that the custodian and College have the ability to access.

Level 2 investments include U.S. government agencies and obligations. The evaluated prices may be determined by factors which include, but are not limited to, market quotations, yields, maturities, call features, ratings, institutional size trading in similar groups of securities and developments related to specific securities.

Note 4: Loans and Other Receivables

Loans and other receivables relate to several activities including tuition and fees, auxiliary sales, lease revenue and miscellaneous sales and services. Loans and other receivables are recorded net of allowances for uncollectible accounts of $3,331,861 at June 30, 2023.

	Current Portion - Net	Noncurrent Portion - Net
Federal Perkins and nursing student loans	$ -	$ 4,576
Employee computer financing	9,742	1,391
Student accounts	8,094,881	-
Auxiliary receivables	(31,875)	-
Interest receivable	30,715	-
Lease receivable	57,991	645,868
Sales and service receivables	194,511	-
Total	$ 8,355,965	$ 651,835

The College distributes loans to students under the Federal Direct Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and unsubsidized loans, through schools, directly to students. Federal Direct Loans processed for students by the College totaled $4,916,201 during the year ended June 30, 2023. Direct student loans receivable is not included in the College's statement of net position since they are repayable directly to the U.S. Department of Education.

Lease receivables - For fiscal year 2023, the College recognized lease revenue of $57,173 and interest revenue of $18,746 related to lease payments received.

In May 2018, the College entered into a lease agreement with Lake County Hospital Systems, Inc. for space within the Health Technologies Building on campus. The lease is a five year lease subject to renewal for 10 years with the initial term set to expire in May 2023. The lease was renewed in March of 2023 for an additional five years with the term set to expire in October 2028. As of June 30, 2023 the College is uncertain if the lease will be renewed at the next renewal date.

In December 1996, the College entered into a land lease agreement with Northern Ohio Cellular Telephone Company. The lease is a 35 year lease, expiring in December 2031. During December of 2022 the lease was amended. The amended lease is a five year lease beginning on January 1, 2023 with five additional terms of five years each. The College is reasonably certain the lease will be renewed and is reporting the lease through the last extension terms.

Notes to Financial Statements
June 30, 2023

Note 4: Loans and Other Receivables (continued)

A summary of future lease revenues is as follows:

Year	Principal	Interest
2024	$ 57,991	$ 37,220
2025	28,724	34,073
2026	32,083	30,707
2027	35,679	27,104
2028	41,980	23,246
2029-2033	52,386	93,064
2034-2038	73,880	75,454
2039-2043	108,509	55,701
2044-2048	125,549	33,349
2049 - 2052	147,078	8,626
	$ 703,859	$ 418,544

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Notes to Financial Statements
June 30, 2023

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	June 30, 2022 Balance	Additions	Retirements and Transfers	June 30, 2023 Balance
Nondepreciable assets:				
Land	$ 2,793,744	$ -	$ -	$ 2,793,744
Construction in progress	63,039	3,216,465	1,524,870	1,754,634
Depreciable assets:				
Land improvements	6,345,802	56,217	39,360	6,362,659
Infrastructure	7,381,992	406,468	-	7,788,460
Buildings and improvements	174,240,830	1,524,881	-	175,765,711
Equipment and vehicles	26,383,830	500,152	54,136	26,829,846
Software and library books	12,880,579	125,085	-	13,005,664
Right to use asset - equipment and vehicles	459,934	-	-	459,934
Right to use asset - subscriptions	1,457,465	462,622	-	1,920,087
Total capital assets	232,007,215	6,291,890	1,618,366	236,680,739
Less accumulated depreciation:				
Land improvements	4,078,023	180,274	39,360	4,218,937
Infrastructure	4,868,598	215,886	-	5,084,484
Buildings and improvements	73,230,987	3,920,337	-	77,151,324
Equipment and vehicles	18,238,156	1,636,608	54,135	19,820,629
Software and library books	12,328,575	247,452	-	12,576,027
Right to use asset - equipment and vehicles	5,011	95,423	-	100,434
Right to use asset - subscriptions	-	512,894	-	512,894
Total accumulated depreciation	112,749,350	6,808,874 (1)	93,495	119,464,729
Capital assets - Net	$ 119,257,865	$ (516,984)	$ 1,524,871	$ 117,216,010

(1) Includes $8,749 capitalized interest amortization expense

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Notes to Financial Statements
June 30, 2023

Note 6: Long-Term Obligations

Long-term obligations activity for the year ended June 30, 2023 was as follows:

	June 30, 2022 Balance	Additions	Reductions	June 30, 2023 Balance	Current Portion
Long-term debt obligations:					
General Receipts Bonds, Series 2020	$ 2,640,000	$ -	$ 155,000	$ 2,485,000	$ 160,000
General Receipts Bonds, Series 2019	16,510,000	-	655,000	15,855,000	680,000
Premium on General Receipts Bonds	2,087,926	-	121,627	1,966,299	121,627
Certificates of Participations 2019	21,960,000	-	575,000	21,385,000	595,000
Premium on Certificates of Participation	1,305,429	-	59,563	1,245,866	59,563
OAQDA Loan 2016	6,407,322	-	770,204	5,637,118	784,452
General Receipts Bonds, Series 2016A	20,745,000	-	150,000	20,595,000	150,000
Premium on General Receipts Bonds	1,219,922	-	59,268	1,160,654	59,268
General Receipts Bonds, Series 2016B	3,580,000	-	970,000	2,610,000	1,005,000
Premium on General Receipts Bonds	59,349	-	16,562	42,787	16,562
General Receipts Bonds, Series 2016C	8,575,000	-	-	8,575,000	-
Premium on General Receipts Bonds	709,797	-	51,936	657,861	51,936
Total	85,799,745	-	3,584,160	82,215,585	3,683,408
Net Pension Liability:					
SERS	13,857,871	7,475,339	-	21,333,210	-
STRS	19,557,428	12,137,500	-	31,694,928	-
Total	33,415,299	19,612,839	-	53,028,138	-
Net OPEB Liability:					
SERS	7,042,991	-	1,665,494	5,377,497	-
STRS	-	-	-	-	-
Total	7,042,991	-	1,665,494	5,377,497	-
Other noncurrent obligations:					
Subscription payable	1,457,465	462,622	534,143	1,385,944	568,914
Lease payable	455,249	-	85,967	369,282	90,950
Reserve for compensated absences	2,412,436	1,360	140,413	2,273,383	1,260,771
Total	4,325,150	463,982	760,523	4,028,609	1,920,635
Total long-term obligations	$ 130,583,185	$ 20,076,821	$ 6,010,177	$ 144,649,829	$ 5,604,043

On September 29, 2020, the College issued $2,750,000 of General Receipts Bonds (Series 2020) for the purpose of, among other things, funding the interest due on the Series 2019 Certificates of Participation through April 1, 2021, and funding a portion of the interest due on the Series 2019 Certificates of Participation on October 1, 2021. Interest on the Series 2020 Bonds shall be payable on each April 1 and October 1, commencing October 1, 2021, until payment of the principal of the Series 2020 Bonds has been made or duly provided for.

Note 6: Long-Term Obligations (continued)

The Series 2020 Bonds shall be issued as one term bond in the amount of $2,750,000, shall mature on October 1, 2035, shall bear interest at the rate per annum of 2.95 percent computed based on a 360-day year comprised of twelve 30-day months, and shall be subject to mandatory sinking fund redemption on October 1 in the years 2021 – 2034. If retired solely by mandatory redemption as aforesaid there shall remain $225,000 due at maturity on October 1, 2035. The series 2020 Bonds are not callable for redemption until October 1, 2022, on and after which date the Series 2020 Bonds shall be callable in whole, but not in part, at the option of the Issuer on each October 1 at the redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued thereon to the redemption date, plus a premium.

The Series 2020 Bonds contain provisions specifying terms in the event of default Including remedies of trustee and holders. The occurrence of any one or more of the following events constitutes an "Event of Default":

1. Failure to pay any interest on any Obligation when and as the same shall have become due and payable;
2. Failure to pay the principal of or any premium on any Obligation when and as the same shall become due and payable, whether at the stated maturity thereof or by redemption or acceleration or pursuant to any Mandatory Sinking Fund Requirements;
3. Failure by the Issuer to perform or observe any other covenant, agreement or condition on the part of the Issuer contained in this Indenture or in the Obligations, which failure or Event of Default shall have continued for a period of 30 days after written notice, by registered or certified mail, given to the Issuer by the Trustee, specifying the failure or Event of Default and requiring the same to be remedied, which notice shall be given by the Trustee upon the written request of the Holders of not less than twenty five percent in aggregate principal amount of the Obligations then outstanding; provided that the Person or Persons requesting such notice may agree in writing to a 90-day extension of such period prior to the expiration of the initial 30-day period; provided further, however, that if the Issuer shall proceed to take curative action which, if begun and prosecuted with due diligence, cannot be completed within a period of 90 days, then such period shall be increased without such written extension to such extent as shall be necessary to enable the Issuer to diligently complete such curative action;
4. The Issuer shall (i) admit in writing its inability to pay its debts generally as they become due, (ii) have an order for relief entered in any case commenced by or against it under federal bankruptcy laws, as now or hereafter in effect, (iii) commence a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar laws, or have such a proceeding commenced against it and have either an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days, (iv) make an assignment for the benefit of creditors, or, (v) have a receiver or trustee appointed for it or for the whole or substantial part of its property.

Upon the occurrence of any Event of Default the Trustee may, and upon the written request of the Holders of not less than 25 percent in aggregate principal amount of the Obligations outstanding shall, declare the principal of all Obligations, together with accrued interest thereon, to be immediately due and payable on the announced accelerated maturity date. Upon any such declaration, which shall be made by a notice in writing given to the Issuer, the principal of and accrued interest, if any, on the Obligations shall become and be immediately due and payable on the accelerated maturity date announced in such notice, which date shall be a Business Day not more than five days following the date of declaration of acceleration. Interest on the accelerated Obligations shall accrue to the announced accelerated maturity date; provided that interest shall continue to accrue on the

Note 6: Long-Term Obligations (continued)

Obligations after the announced accelerated maturity date to the extent that moneys are not on deposit on such date in the Bond Fund for the retirement of the principal of the Obligations.

Upon the happening and continuance of an Event of Default, and if requested to do so by the Holders of at least twenty five percent in aggregate principal amount of the Obligations then outstanding and having been indemnified, the Trustee shall exercise such of the rights and powers conferred and being advised by counsel, shall deem most effective to enforce and protect the interests of the Holders of the Obligations accelerated.

On September 3, 2019, the College issued $17,775,000 of General Receipts Refunding Bonds (Series 2019) for the purpose of refunding all of the District's outstanding Series 2014 Bonds (the "Refunded Bonds"), for redemption prior to maturity or at maturity on December 1, 2019, at par, and to pay costs of issuance of the Bonds. The Refunded Bonds were originally issued to refund the Series 2014 Tax Anticipation Notes, acquire the Holden University Center property, and to renovate science labs. The Series 2019 Bonds are at fixed interest rates ranging from 3.0 percent to 5.0 percent and a final maturity in 2039.

The Series 2019 Bonds maturing on and after October 1, 2032 are subject to optional redemption prior to maturity in whole or in part on any date on or after October 1, 2029 at a redemption price of 100% of the principal amount redeemed plus interest accrued to the redemption date. The Series 2019 Bonds due October 1 in the years 2029, 2032, 2034, 2036 and 2039 are subject to mandatory sinking fund redemption. For the Series 2019 Bonds due October 1, 2029, the mandatory sinking fund redemption is to occur at 100% of the principal amount thereof plus accrued interest to the date of redemption.

The Series 2019 Bonds contain provisions specifying terms in the event of default including remedies of trustee and holders. The occurrence of any one or more of the following events constitutes an "Event of Default":

1. Failure to pay any interest on any Obligation when and as the same shall become due and payable;
2. Failure to pay the principal of or any redemption premium on any Obligation when and as the same shall become due and payable, whether at the stated maturity thereof or by redemption or acceleration or pursuant to any mandatory sinking fund requirements;
3. Failure by the District to perform or observe any other covenant, agreement or condition on the part of the District contained in the Indenture or in the Obligations, which failure or Event of Default shall have continued for a period of 30 days after written notice, by registered or certified mail, given to the District by the Trustee, specifying the failure or Event of Default and requiring the same to be remedied, which notice shall be given by the Trustee upon the written request of the Holders of not less than twenty five percent in aggregate principal amount of the Obligations then outstanding; provided that the Person or Persons requesting such notice may agree in writing to a 90-day extension of such period prior to the expiration of the initial 30-day period; provided further, however, that if the District shall proceed to take curative action which, if begun and prosecuted with due diligence, cannot be completed within a period of 90 days, then such period shall be increased without such written extension to such extent as shall be necessary to enable the District to diligently complete such curative action; and

Note 6: Long-Term Obligations (continued)

4. The District shall (i) admit in writing its inability to pay its debts generally as they become due, (ii) have an order for relief entered in any case commenced by or against it under federal bankruptcy laws, as now or hereafter in effect, (iii) commence a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar laws, or have such a proceeding commenced against it and have either an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days, (iv) make an assignment for the benefit of creditors, or, (v) have a receiver or trustee appointed for it or for the whole or substantial part of its property.

Upon the happening and continuance of any Event of Default, the Trustee may, and upon the written request of the holders of not less than 25% in aggregate principal amount of outstanding Obligations shall, upon being properly indemnified, take appropriate actions, in equity or at law including application to a court for the appointment of a receiver to receive and administer pledged General Receipts, to protect and enforce all the rights of the Trustee and the Obligation holder under the Indenture. In addition, in the event of the occurrence of any Event of Default, the Trustee may, and upon the request of the holders of at least 25% in aggregate principal amount of the then outstanding Obligations, shall so long as properly indemnified, by appropriate notice to the District, declare the principal of all the outstanding Obligations and the accrued interest thereon, immediately due and payable. Further provision is made for the rescission of such last declaration upon the payment of all amounts due, and for waivers in connection with events of default.

Furthermore, the Holders of a majority in aggregate principal amount of the Obligations then outstanding, shall, in accordance with the terms of the Indenture, have the right by written instrument delivered to the Trustee to direct the method and place of conducting any and all remedial proceedings under the Indenture, as to their respective interests.

As provided in the Indenture, before taking remedial action the Trustee may require that a satisfactory indemnity bond be provided for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its gross negligence or willful misconduct, by reason of any action so taken. The Trustee may act without such indemnity, in which case its expenses are reimbursable by the District from General Receipts available therefor.

The holders of the Obligations are not entitled to enforce the provisions of the Indenture or to institute, appear in or defend any suit, action or proceeding to enforce any rights, remedies or covenants granted or contained in the Indenture or to take any action with respect to any Event of Default under the Indenture, except as provided in the Indenture.

On May 23, 2019, the College issued $22,510,000 of Certificates of Participation (the "Certificates") for the purpose of refinancing the $10,000,000 Tax Anticipation Notes, Series 2017A, dated January 18, 2017 and the $10,000,000 Tax Anticipation Notes, Series 2017B, dated July 19, 2017, and to provide additional funds for various capital projects. The Tax Anticipation Notes were issued for the purpose of the acquisition of sites, the erection, furnishing, and equipment of buildings, the acquisition, construction or improvement of any property which the Board of Trustees of a community college district is authorized to acquire, construct, or improve, including the Health Technologies Building. The Certificates are at fixed interest rates ranging from 3.125 percent to 5.0 percent and a final maturity in 2044.

Note 6: Long-Term Obligations (continued)

The Certificates maturing after October 1, 2028 shall be subject to redemption at the option of the Trustee, at the direction of the District, either in whole or in part, in such order of maturity as the Trustee shall determine, at the Trustee shall determine, at the direction of the district, on any date on or after April 1, 2029, at 100 percent of par amount of the Certificates redeemed plus, in each case, accrued interest to the date fixed for redemption. The Term Certificates maturing on October 1, 2044 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption.

The Certificates are secured, with the Health Technologies Building pledged as collateral. The Certificates specify terms in the event of default. The occurrence of any one or more of the following events constitutes an "Event of Default" under this Lease:

1. The College's failure to make, during any Lease Term, any Lease Payment (or any other payment) when due in accordance with the terms of this Lease;

2. The College's failure to perform or observe any other covenant, condition or agreement to be performed or observed by it under this Lease, and the failure is not cured within 30 days after written notice of the failure to the College by the Lessor or, if the failure is of such a nature that it cannot practicably be cured within such 30 days, steps satisfactory to the Lessor are not taken to cure the failure within such 30 days and the failure is not cured within 90 days after such written notice of the failure to the College by the Lessor; or

3. The discovery by the Trustee or Lessor that any material statement, representation or warranty made by the College in this Lease or in any writing delivered by the College pursuant to or in connection with this Lease is false, misleading or erroneous in any material respect; provided, however, that the Lessor shall not be under any duty to investigate, inquire or ascertain whether any such statements, representations or warranties are false, misleading or erroneous.

The Certificates contain a provision that upon the occurrence of an Event of Default, and as long as the Event of Default is continuing, the Lessor shall be entitled to seek recovery of its damages in an action, suit or proceeding, to the extent permitted under the applicable laws of damages in an action, suit or proceeding, to the extent permitted under the applicable laws of the State or any other applicable law or proceed by appropriate court; provided, however, that there shall be no right under any circumstances to (i) accelerate the maturities of the Rent payments or to otherwise declare any Rent not then past due or in default to be immediately due and payable except as to the portions of Lease Payments provided for a Fiscal Year in which appropriations are made; or (ii) take physical possession of the Project Facilities to the extent that doing so would impair or impede the College's abilities to operate the Project.

The Certificates contain a provision which specifies that the College will remain liable for all covenants and obligations under this Lease, and for all legal fees and other costs and expenses to the extent permitted by law, including court costs awarded by a court of competent jurisdiction, incurred by the Lessor with respect to the enforcement of any of the remedies under this Lease, when a court of competent jurisdiction has finally adjudicated that an Event of Default has occurred. If an Event of Default occurs and the Lessor incurs

Note 6: Long-Term Obligations (continued)

expenses, including attorneys' fees, in connection with the enforcement of or the collection of amounts due under this Lease, the College shall reimburse the Lessor to the extent permitted by law for the expenses so incurred upon demand. The Lessor shall be entitled to seek recovery of such expenses in an action, suit or proceeding to the extent permitted by State law.

In 2016, the College and the Ohio Air Quality Development Authority (OAQDA) entered into a resolution where the OAQDA authorized issuance of revenue bonds in the aggregate principal amount of $10,388,237 at fixed interest rates ranging from 1.85 percent to 3.62 percent and a final maturity in 2029. The proceeds were used to assist in the financing of certain air quality facilities in the form of energy conservation measures to be installed in the Lakeland Health Technology Building owned by the College. This major energy conservation project includes electrical upgrades to include interior/exterior lighting and controls, mechanical upgrades and HVAC upgrades, building envelope R-30 roof replacement and window reglazing or replacement, and water efficiency.

In 2016, the College issued $21,510,000 in Series 2016A Bonds at fixed interest rates ranging from 2.0 percent to 5.0 percent and a final maturity in 2042, for all or part of the cost of purchasing sites and for the erection, furnishing, and equipment of buildings, including buildings used for Applied Health Technology, Science and Bio-Science, and for the acquisition or construction of any property which the board of trustees of a community college district is authorized to acquire or construct, including infrastructure improvements. The Series 2016A Bonds maturing on or after December 1, 2027 are subject to redemption at the option of the College, either in whole or in part, in such order of maturity as the College shall determine, on any date on or after December 1, 2026, at a redemption price equal to 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

In 2016, the College issued $8,990,000 in Series 2016B Bonds, at fixed interest rates ranging from 2.0 percent to 3.25 percent and a final maturity in 2025, to refund the 2008 Tax Anticipation Notes (Series 2008 Notes) previously issued on July 22, 2008 of $8,500,000 and the 2011 Tax Anticipation Notes (Series 2011 Notes) previously issued on June 29, 2011 of $9,500,000. The net proceeds were used to purchase direct obligations of the U.S. Government. Those securities were deposited in an irrevocable trust with an escrow agent. The securities and fixed earnings from the securities are sufficient to provide for all future debt service payments of the Series 2008 Notes and the Series 2011 Notes. As a result, the Series 2008 Notes and the Series 2011 Notes are considered defeased, and the College has removed the liabilities from its accounts. As of June 30, 2022, all refunded amounts have been called and are no longer outstanding.

In 2016, the College issued $8,575,000 in Series 2016C Bonds, at fixed interest rates ranging from 3.5 percent to 4.0 percent and a final maturity in 2035, for the purpose of retiring the College's Facilities Construction and Improvement Notes, Series 2015, issued for the purpose of financing all or a part of the cost of purchasing sites and for the erection, furnishing, and equipment of buildings, including buildings used for Applied Health Technology, Science and Bio-Science, and for the acquisition or construction of any property which the board of trustees of a community college district is authorized to acquire or construct, including infrastructure improvements, and repaying moneys previously borrowed, advanced, or granted and expended for such purpose. The Bonds are subject to redemption at the option of the College, either in whole or in part, in such order of maturity as the College shall determine, on any date on or after December 1, 2025, at a redemption

Note 6: Long-Term Obligations (continued)

price equal to 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

The Series 2016A, 2016B, and 2016C Bonds are issued in conformity with Revised Code Chapter 133, and are, therefore, lawful investments for banks, savings and loan associations, credit union share guaranty corporations, trust companies, trustees, fiduciaries, insurance companies, including domestic for life and domestic not for life, trustees or other officers having charge of sinking and bond retirement or other funds of the State, subdivisions and taxing districts, the Commissioners of the Sinking Fund of the State, the Administrator of Workers' Compensation, the State teachers, public employees, and school employees retirement systems, and the police and firemen's disability and pension fund, and are eligible as security for the repayment of the deposit of public moneys.

The Series 2016A, 2016B, and 2016C Bonds have been duly authorized and executed by the District, and are valid and binding general obligations of the District. The Bonds are secured by the pledge of the full faith and credit of the District for the payment thereof and by the pledge of the District to levy ad valorem taxes outside the ten mill limitation of Article XII, Section 2 of the Constitution of the State of Ohio, upon all property on the general tax lists and duplicates of the District, in an amount sufficient to pay the principal of and interest on the Bonds when due, which taxes are unlimited as to rate and amount. Failure of the District to perform any of its undertakings contained in the Disclosure Certificates shall not constitute an event of default with respect to the Bonds. The exclusive remedy for any such failure shall be enforcement of the District's obligations to so perform by actions or proceedings taken in accordance with Ohio Revised Code Section 133.25(B)(4)(b) or Section 133.25(C)(1).

The 0.4 mills levy approved by Lake County voters on November 3, 2015 will fully fund the debt service requirements on the College's Series 2016A, 2016B, and 2016C Bonds.

Scheduled principal maturities and total debt service for fiscal years subsequent to June 30, 2023 are as follows:

Fiscal Years Ending	Principal	Interest	Total
2024	$ 3,374,452	$ 2,941,554	$ 6,316,006
2025	3,470,974	2,817,413	6,288,387
2026	3,566,052	2,681,753	6,247,805
2027	3,666,163	2,539,811	6,205,974
2028	3,761,306	2,388,074	6,149,380
2029-2033	17,993,173	9,598,003	27,591,176
2034-2038	19,405,000	5,818,732	25,223,732
2039-2043	19,160,000	2,037,003	21,197,003
2044-2048	2,745,000	93,403	2,838,403
Total	$ 77,142,120	$ 30,915,746	$ 108,057,866

Note 6: Long-Term Obligations (continued)

Subscription Payable – The College obtains the right to use vendors' information technology software though various long-term contracts, the terms of which expire in various years through 2027.

A summary of the principal and interest amounts for the remaining subscriptions is as follows:

Year	Principal	Interest
2024	$ 568,914	$ 47,145
2025	483,475	18,707
2026	313,803	2,554
2027	19,752	248
	$ 1,385,944	$ 68,654

Lease Payable - The College entered into contracts for the use of a vehicle and copier equipment. These contracts meet the definition of a lease under GASB Statement No. 87. The College makes monthly payments associated with this lease. A summary of the principal and interest amounts for the remaining lease is as follows:

Year	Principal	Interest
2024	$ 90,950	$ 17,956
2025	90,507	12,792
2026	91,379	7,915
2027	96,446	2,848
	$ 369,282	$ 41,511

Note 7: State Appropriations

The College is a state-assisted institution of higher education and receives student-based support from the State. This support is determined annually based upon a formula devised by the State. In addition to this student support, the State provides funding for the construction of major academic plant facilities on the College's campus. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC) which, in turn, is used for the construction and subsequent transfer of the facility to the College.

College facilities are not pledged as collateral for the OPFC revenue bonds. Instead, these bonds are supported by a pledge of monies in the Higher Education Bond Service Fund established in the custody of the Treasurer of the State. If sufficient monies are not available from the fund, the Ohio Department of Higher Education shall assess a special student fee uniformly applicable to students in state-assisted institutions of higher education throughout the state.

As a result of the above described financial assistance provided by the State to the College, outstanding debt issued by the OPFC is not included on the College's statements of net position. In addition, the appropriations by the general assembly to the Ohio Department of Higher Education for payments of debt service are not reflected and the related debt service payments are not recorded in the College's accounts.

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Note 8: Local Appropriations

The College receives local appropriations in the form of property taxes levied against real and public utility property in the County of Lake, Ohio (the "County"). Real property taxes and public utility taxes are levied after October 1 on assessed value listed as of January 1, the lien date. Taxes collected on "real property" in one calendar year are levied in the preceding calendar year.

The electors within the County must approve any Lake County Community College District d/b/a Lakeland Community College property tax. Lake County Community College District d/b/a Lakeland Community College receives property taxes for operating and capital purposes from three levies approved by the County voters: a 1.7 mills stated rate for a continuing period, a 1.5 mills stated rate for 10 years, and a 0.4 mills for 27 years. On November 2, 2010, Lake County voters approved a "replacement" of the 1.7 mills continuing levy.

With this replacement levy approved, the incremental revenue was approximately $8.0 million effective in 2012 after generating $4.0 million for half year assessments in 2011. The incremental $8.0 million dollars, as compared to 2010, is expected to continue unless another replacement is passed. On November 8, 2011, the 1.5 mills levy was renewed by the Lake County voters. The 0.4 mills levy was approved by Lake County voters on November 3, 2015.

Revenue authorization is recognized based on the taxing authority's amounts to be distributed to the tax district and its certification of the College's annual budget. The taxing authority does not authorize the distribution of the tax assessment for the calendar year 2023 until October 2023, thus not legally making it available to the College until after the end of the College's fiscal year for that year's calendar assessment. The College has recognized one-half year of its real property and public utility property tax receipts due as an intergovernmental receivable in the current fiscal year. Property taxes receivable represent outstanding real and public utility property taxes, which were measurable at June 30, 2023. Total property tax collections for the next fiscal year are measurable amounts. However, since these revenue collections to be received during the available period are not intended to finance 2023 operations, the receivable amount is recorded as deferred inflows of resources.

Tax Incentives and Tax Abatements

Several of the cities, villages and townships within Lake County have authorized, through the passage of public ordinances/resolutions, different real estate tax incentives. The first of these incentives, which is authorized pursuant to Ohio Revised Code Chapter 5709, is called Tax Increment Financing Agreements (TIF's). Under a TIF, the property owner makes Payments in Lieu of Taxes (PILOT's) in the same amount as the property tax, on improvements made to the respective property since the inception of the TIF. The PILOT's are used by the respective cities, villages and townships to finance infrastructure improvements to the properties included within the TIF. The revenue derived from the PILOT's is redirected from the "normal" distribution had the TIF not been established. With respect to College funds, none of the PILOT's are remitted to the College, but instead are remitted to the respective cities, villages and townships to finance the construction of the respective improvements.

Note 8: Local Appropriations (continued)

Tax Incentives and Tax Abatements (continued)

The following are the amounts that would have been received by the College, for the fiscal year ended June 30, 2023 had the TIF agreements not been established and the improvements still constructed:

District		Total
Mentor City	$	217,568
Painesville City-Painesville Township School District		59,444
Willowick City		21,063
Painesville Township		21,508
Concord-Painesville		10,905
Madison Township		1,191
Total	**$**	**331,680**

The second of these incentives, which is authorized pursuant to Ohio Revised Code Chapter 3735, is called Community Reinvestment Areas (CRA's). In order to establish a CRA, a city, village or township must survey the housing within its jurisdiction and determine that all or part(s) of the jurisdiction has an area(s) that has housing facilities or structures of historical significance and that repair of these facilities and/or structures is currently lacking incentives. By establishing a CRA within its jurisdiction, the respective government can offer real estate tax abatements on improvements made to such facilities and/or structures. The percentage and length of time of these abatements is negotiated by the respective government and property owner. With respect to College funds, none of the abated tax revenue is received during the duration of the abatement.

The following are the amounts that would have been received by the College, for the fiscal year ended June 30, 2023 had the CRA's not been established and the improvements still constructed:

District		Total
Willoughby City	$	23,089
Mentor City		20,835
Madison Village		9,305
Painesville Township		6,669
Wickliffe City		4,813
Willoughby Hills City		4,062
Painesville City		1,799
Mentor-on-the-Lake City		1,512
Willowick City		380
Eastlake City		313
Fairport Harbor Village		312
Painesville City-Painesville Township School District		180
Total	**$**	**73,269**

Note 9: Defined Benefit Pension Plans

Net Pension/OPEB Liability (Asset)

The net pension/OPEB liability (asset) reported on the statement of net position represents a liability (asset) to employees for pensions/OPEB. Pensions/OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions/OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions/OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liabilities (asset) represent the College's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the College's obligation for this liability to annually required payments. The College cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the College does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68 and 75 assumes the liability (asset) is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for OPEB benefits including primarily health care. In most cases, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium.

State statute requires the retirement systems to amortize unfunded pension/OPEB liabilities within 30 years. If the pension/OPEB amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability (asset) on the accrual basis of accounting. Funded benefits is presented as a long-term net pension/OPEB asset. Any liability for the contractually-required contribution outstanding at the end of the year is included as *accounts payable and accrued liabilities* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

Note 9: Defined Benefit Pension Plans (continued)

Plan Description - School Employees Retirement System (SERS)

Plan Description – College non-teaching employees participate in SERS, a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, Medicare Part B premium reimbursements, and lump sum death benefits. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017*	Members attaining 25 years of service after August 1, 2017
Full benefits	Any age with 30 years of service credit Age 65 with 5 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit Age 60 with 25 years of service credit

*Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. SERS' Retirement Board approved a 2.5% COLA for calendar year 2022 and 2.5% for calendar year 2023.

The defined benefit pension plan includes the Pension Benefits Plan, Death Benefit Fund and Medicare Part B Plan. The Death Benefit Fund pays $1,000 to a designated beneficiary of a deceased retiree or disability benefit recipient as allowed under ORC Section 3309.50.

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the College is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0% while the funding for Health Care Fund was 0.0%.

Note 9: Defined Benefit Pension Plans (continued)

Plan Description - School Employees Retirement System (SERS) (continued)

Alternative Retirement Plan – Eligible faculty of Ohio's public colleges and universities may choose to enroll in either SERS or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their date of hire to select a retirement plan. For employees who select an ARP, employers are required to remit employer contributions to SERS at a rate of 3.85% of payroll in fiscal year 2023.

The College's contractually required contribution to SERS for pension was $2,021,321 for fiscal year 2023.

Plan Description - State Teachers Retirement System of Ohio (STRS)

Plan Description – College licensed teachers and other faculty members participate in STRS, a cost-sharing multiple-employer public employee retirement system. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be viewed by visiting www.strsoh.org or by requesting a copy by calling toll-free 888-227-7877.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit at any age. Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

Through June 30, 2022, the DC Plan allows members to place all their member contributions and 9.53% of the 14.00% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14.00% employer rate is allocated to the defined benefit unfunded liability. Effective July 1, 2022, the DC Plan allows members to place all their member contributions and 11.09% of the 14.00% employer contributions into an investment account. The remaining 2.91% of the 14.00% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The CO Plan offers features of both the DB Plan and the DC Plan. In the CO Plan, 12% of the 14% member rate goes to the DC Plan and 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the CO Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

Note 9: Defined Benefit Pension Plans (continued)

Plan Description - State Teachers Retirement System of Ohio (STRS) (continued)

New members who choose the DC plan or CO Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CO Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS therefore has included all three plan options in the GASB 68 schedules of employer allocations and pension amounts by employer.

A DB or CO Plan member with five or more years of credited service, who is determined to be disabled, may qualify for a disability benefit. New members must have at least 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

A death benefit of $1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to $2,000 can be purchased by participants in the DB, DC or CO Plans.

Alternative Retirement Plan – Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their date of hire to select a retirement plan. For employees who select an ARP, employers are required to remit employer contributions to STRS at a rate of 4.47% of payroll in fiscal year 2022 and a rate of 2.91% of payroll in fiscal year 2023.

Administrative Expenses – The costs of administering the DB and postemployment health care plans are financed by investment income. The administrative and investment costs of the DC Plan are financed by participant fees.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year 2023 the employer rate was 14% and the plan members were also required to contribute 14% of covered salary.

The College's contractually required contributions to STRS was $2,626,539 for fiscal year 2023.

Note 9: Defined Benefit Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The College's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. Following is information related to the proportionate share and pension expense at June 30, 2023:

	SERS	STRS	Total
Proportion of net pension liability current measurement date	0.394418%	0.142576%	
Proportion of net pension liability prior measurement date	0.375582%	0.152961%	
Change in proportionate share	0.018836%	(0.010385)%	
Proportionate share of the net pension liability	$ 21,333,210	$ 31,694,928	$ 53,028,138
Pension expense (reduction of expense)	$ (423,242)	$ 2,180,029	$ 1,756,787

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the College's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

Notes to Financial Statements
June 30, 2023

Note 9: Defined Benefit Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 864,012	$ 405,736	$ 1,269,748
Changes in assumptions	210,498	3,792,930	4,003,428
Net difference between projected and actual earnings on pension plan investments	-	1,102,914	1,102,914
Changes in proportionate share and difference in employer contributions	652,377	-	652,377
College contributions subsequent to the measurement date	2,021,321	2,626,539	4,647,860
Total deferred outflows of resources	$ 3,748,208	$ 7,928,119	$ 11,676,327

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 140,047	$ 121,243	$ 261,290
Changes in assumptions	-	2,854,986	2,854,986
Net difference between projected and actual earnings on pension plan investments	744,432	-	744,432
Changes in proportionate share and difference in employer contributions	945,273	2,983,545	3,928,818
Total deferred inflows of resources	$ 1,829,752	$ 5,959,774	$ 7,789,526

The $4,647,860 reported as deferred outflows of resources related to pension resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ (525,902)	$ (1,280,089)	$ (1,805,991)
2025	249,349	(1,098,251)	(848,902)
2026	(1,063,436)	(1,494,234)	(2,557,670)
2027	1,237,124	3,214,380	4,451,504
Total	$ (102,865)	$ (658,194)	$ (761,059)

Note 9: Defined Benefit Pension Plans (continued)

Actuarial Assumptions – SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022 are presented below:

Valuation date	June 30, 2022
Actuarial cost method	Entry age normal (level percent of payroll)
Actuarial assumptions:	
Investment rate of return	7.00%, net of investment expenses, including inflation
COLA or Ad Hoc COLA	2.00%, on or after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement.
Future salary increases, including inflation	3.25% to 13.58%
Inflation	2.40%

For post-retirement mortality, the table used in evaluating allowances to be paid is the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disable members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Mortality rates for actives is based on

Note 9: Defined Benefit Pension Plans (continued)

Actuarial Assumptions – SERS (continued)

PUB-2010 General Amount Weighted Below Median Employee mortality table. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five years ended June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Measurement date of June 30, 2022:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	(0.45%)
US equity	24.75	5.37
Non-US equity developed	13.50	6.22
Non-US equity emerging	6.75	8.22
Fixed income/global bonds	19.00	1.20
Private equity	11.00	10.05
Real estate/real assets	16.00	4.87
Multi-asset strategies	4.00	3.39
Private debt/private credit	3.00	5.38
Total	100.00%	

Discount Rate The total pension liability was calculated using the discount rate of 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00% for 2022). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability as of June 30, 2022.

Note 9: Defined Benefit Pension Plans (continued)

Actuarial Assumptions – SERS (continued)

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00% for the plan year ended June 30, 2022, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net pension liability at June 30, 2023	$ 31,401,466	$ 21,333,210	$ 12,850,840

Assumption Changes Cost-of-Living-Adjustments was increased from 2.00% to 2.50% for calendar year 2023.

Benefit Changes There were no significant benefit terms changes for the SERS pension plan since the prior measurement date.

Payable to SERS Pension Plan There was no reported payable to the plan as of June 30, 2023.

Actuarial Assumptions – STRS

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actual cost method	Entry age normal
Inflation	2.50%
Salary increases	Varies by service from 2.5% to 8.5%
Payroll increase	3.00%
Investment rate of return	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%
Cost-of-living adjustments (COLA)	0.00%

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

Note 9: Defined Benefit Pension Plans (continued)

Actuarial Assumptions – STRS (continued)

STRS's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class for measurement year 2022 is summarized as follows:

Asset Class	Target Allocation*	Long Term Expected Real Rate of Return**
Domestic equity	26.00%	6.60%
International equity	22.00	6.80
Alternatives	19.00	7.38
Fixed income	22.00	1.75
Real estate	10.00	5.75
Liquidity reserves	1.00	1.00
Total	100.00%	

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.
** 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.25%, and is net of investment expenses. Over a 30-year period, STRS's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current active and inactive employees and their beneficiaries are included. Based on those assumptions, STRS's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00% for the year ended June 30, 2023, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

Note 9: Defined Benefit Pension Plans (continued)

Actuarial Assumptions – STRS (continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net pension liability at June 30, 2023	$ 47,879,496	$ 31,694,928	$ 18,007,792

Benefit Term Changes Since the Prior Measurement Date Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based. Effective for 2023, STRS implemented a one-time 3% cost of living adjustment effective on the anniversary of a benefits recipient's retirement date for those eligible during FY23 and eliminated the age 60 requirement (effective August 1, 2026).

Payable to STRS Pension Plan There was no reported payable to the plan as of June 30, 2023.

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Note 10: Defined Benefit OPEB Plans

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description – The College contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute.

The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14.0% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, 0.0% of covered payroll was made to health care. Active employee members do not contribute to the Health Care Plan. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For the fiscal year ended June 30, 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For the fiscal year ended June 30, 2023, the College's surcharge obligation was $143,805.

The surcharge, added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The College's contractually required contribution to SERS for healthcare was $143,805 fiscal year 2023. Of this amount $143,805 is reported as an accounts payable and accrued liabilities for fiscal year 2023.

Note 10: Defined Benefit OPEB Plans (continued)

Plan Description - State Teachers Retirement System of Ohio (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. STRS Ohio provides access to healthcare coverage to retirees who participated in the Defined Benefit or Combined Plans, and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the ORC, the State Teachers Retirement Board (the "Board") has discretionary authority over how much, if any, of the healthcare costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the healthcare cost in the form of a monthly premium. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date for SERS and STRS. Typically, the College's proportion of the net OPEB liability/(asset) would be based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined, except as noted below.

For plan years ending June 30, 2022 and 2021, SERS allocated 0% of the total employer contribution of 14% to the health care fund. SERS' calculation of the employers' proportionate share is based on actual contributions made to the pension plan plus actual surcharge contributions made to the OPEB plan because the total of these two amounts is most representative of the level of future contributions to the OPEB plan.

For plan years ending June 30, 2022 and 2021, STRS did not allocate employer contributions to the OPEB plan. Therefore, STRS' calculation of the employers' proportionate share is based on total contributions to the plan for both pension and OPEB.

Note 10: Defined Benefit OPEB Plans (continued)

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Following is information related to the proportionate share and OPEB expense as of June 30, 2023:

	SERS	STRS	Total
Proportion of net OPEB liability/asset current measurement date	0.383010%	0.142576%	
Proportion of net OPEB liability/asset prior measurement date	0.372137%	0.152961%	
Change in proportionate share	0.010873%	(0.010385)%	

	SERS	STRS	Total
Proportionate share of the net OPEB asset	$ -	$ 3,691,779	$ 3,691,779
Proportionate share of the net OPEB liability	$ 5,377,497	$ -	$ 5,377,497
Reduction of OPEB expense	$ (922,068)	$ (722,613)	$ (1,644,681)

At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 45,206	$ 53,518	$ 98,724
Changes in assumptions	855,360	157,258	1,012,618
Net difference between projected and actual earnings on OPEB plan investments	27,949	64,265	92,214
Changes in proportionate share and difference in employer contributions	100,506	8,143	108,649
College contributions subsequent to the measurement date	143,805	-	143,805
Total deferred outflows of resources	$ 1,172,826	$ 283,184	$ 1,456,010

Note 10: Defined Benefit OPEB Plans (continued)

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 3,439,841	$ 554,434	$ 3,994,275
Changes in assumptions	2,207,501	2,617,826	4,825,327
Changes in proportionate share and difference in employer contributions	1,977,277	103,701	2,080,978
Total deferred inflows of resources	$ 7,624,619	$ 3,275,961	$ 10,900,580

The $143,805 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ (1,636,255)	$ (904,071)	$ (2,540,326)
2025	(1,555,309)	(867,283)	(2,422,592)
2026	(1,342,811)	(406,161)	(1,748,972)
2027	(921,589)	(165,876)	(1,087,465)
2028	(538,698)	(214,738)	(753,436)
Thereafter	(600,936)	(434,648)	(1,035,584)
Total	$ (6,595,598)	$ (2,992,777)	$ (9,588,375)

Note 10: Defined Benefit OPEB Plans (continued)

Actuarial Assumptions – SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022, are presented below:

Actuarial cost method	Entry age normal
Wage inflation	2.40%
Projected salary increases	3.25% to 13.58%, including inflation
Investment rate of return	7.00%, net of investing expense, including inflation
Municipal bond index rate:	
Measurement date	3.69%
Prior measurement date	1.92%
Year FNP is Projected to be Depleted	2044
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	4.08%
Prior measurement date	2.27%
Medical trend assumption	7.00% to 4.40%

Mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality rates for disable retires were based on PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Mortality rates for contingent survivors

Note 10: Defined Benefit OPEB Plans (continued)

Actuarial Assumptions – SERS (continued)

were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

The most recent experience study was completed for the five-year period ended June 30, 2020.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00% as of June 30, 2022, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, are summarized below:

Measurement date of June 30, 2022:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	(0.45%)
US equity	24.75	5.37
Non-US equity developed	13.50	6.22
Non-US equity emerging	6.75	8.22
Fixed income/global bonds	19.00	1.20
Private equity	11.00	10.05
Real estate/real assets	16.00	4.87
Multi-asset strategies	4.00	3.39
Private debt/private credit	3.00	5.38
Total	100.00%	

Note 10: Defined Benefit OPEB Plans (continued)

Actuarial Assumptions – SERS (continued)

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination for the June 30, 2022 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate at June 30, 2022 was 3.69%. At June 30, 2022, the long-term expected rate of return on health care investments was applied to projected costs through the year 2044, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower and higher than the current discount rate. Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are one percentage point lower and higher than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
College's proportionate share of the net OPEB liability as of June 30, 2023	$ 6,678,931	$ 5,377,497	$ 4,326,884

	1% Decrease (6.00-3.40%)	Current Trend Rate (7.00-4.40%)	1% Increase (8.00-5.40%)
College's proportionate share of the net OPEB liability as of June 30, 2023	$ 4,147,014	$ 5,377,497	$ 6,984,704

Assumption Changes The SERS OPEB discount rate was changed from 2.27% to 4.08% percent, which impacted the annual actuarial valuation for OPEB prepared as of June 30, 2022. The health care trend rates were also updated.

Benefit Changes There were no significant benefit terms changes for the SERS OPEB plan since the prior measurement date.

Payable to SERS OPEB Plan – There was no reported payable to the plan as of June 30, 2023.

Note 10: Defined Benefit OPEB Plans (continued)

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022 actuarial valuation are presented below:

Actuarial cost method	Entry age normal
Salary increases	Varies by service form 2.5% to 8.5%
Payroll increases	3.00%
Investment rate of return	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%

Health care cost trends	Initial	Ultimate
Medical		
Pre-Medicare	7.50%	3.94%
Medicare	(68.78%)	3.94%
Prescription drug		
Pre-Medicare	9.00%	3.94%
Medicare	(5.47%)	3.94%

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized below for measurement year 2022:

Asset Class	Target Allocation*	Long Term Expected Real Rate of Return**
Domestic equity	26.00%	6.60%
International equity	22.00	6.80
Alternatives	19.00	7.38
Fixed income	22.00	1.75
Real estate	10.00	5.75
Liquidity reserves	1.00	1.00
Total	100.00%	

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

Note 10: Defined Benefit OPEB Plans (continued)

Actuarial Assumptions – STRS (continued)

** 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.25%, and is net of investment expenses. Over a 30-year period, STRS's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was used to measure the total OPEB asset as of June 30, 2022.

Sensitivity of the College's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net OPEB asset at June 30, 2023	$ 3,412,953	$ 3,691,779	$ 3,930,618

	1% Decrease	Current Trend Rate	1% Increase
College's proportionate share of the net OPEB asset at June 30, 2023	$ 3,829,273	$ 3,691,779	$ 3,518,227

Assumption Changes Since the Prior Measurement Date: Changes in key assumptions used in calculating the total OPEB liability in the prior year are presented below:

Health care cost trends	Initial	Ultimate
Medical		
Pre-Medicare	5.00%	4.00%
Medicare	(16.18%)	4.00%
Prescription drug		
Pre-Medicare	6.50%	4.00%
Medicare	29.98%	4.00%

Note 10: Defined Benefit OPEB Plans (continued)

Actuarial Assumptions – STRS (continued)

Benefit Term Changes Since the Prior Measurement Date Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based. Healthcare trends were updated to reflect emerging claims and recoveries experience.

Payable to STRS OPEB Plan – There was no reported payable to the plan as of June 30, 2023.

Note 11: Lake County Schools' Health Care Consortium

Effective November 1, 2001, the College joined the Lake County Schools Council (LCSC). Under state law, the LCSC was formed as a council of governments and includes a number of the boards of education in Lake County. The purpose of the LCSC is to undertake a joint program for the provision of health care benefits to the employees of those districts and their eligible dependents, as well as fostering cooperation among districts, from time to time, in other areas of educational services. As a related but separate agreement, the LCSC maintains a health care benefits consortium (the "Consortium").

The Consortium allows each political district to maintain its current plan designs (through selected providers) and allows efficiencies and economic benefits to occur through the group's buying power. The College, as well as the other LCSC members, utilizes the LCSC as its health care benefits administrator. The LCSC in turn manages various health care benefit organizations to deliver those services.

Since its inception, LCSC has built up its net assets and LCSC members are responsible for funding and setting aside reserves to pay its various health care benefit obligations. As part of joining the LCSC, the College's Board of Trustees authorized payment to the LCSC in the amount of $680,239 as the College's assessment for inclusion in the LCSC's healthcare benefits program as a member of equal standing. The entire assessment was expensed in fiscal year 2002 since the assessment is not guaranteed to be refunded to the College should the College at any time voluntarily withdraw from the LCSC.

Under its agreements and bylaws, the Consortium's fiscal year-ends each June 30 and the treasurer of the LCSC is a position appointed by the board of directors of the LCSC. Prior to the beginning of each fiscal year, health care program and related costs and adjustments (program costs) are estimated and allocated to each member as a required contribution for that fiscal year. If contributions are insufficient to pay actual program costs during any fiscal year, members may be required to share in those additional costs or deficiencies during that fiscal year. The LCSC has purchased a stop-loss insurance policy with a maximum loss of $500,000 per claimant. The LCSC audit report is available at the Ohio Auditor of State website (https://ohioauditor.gov) or upon request. Settled claims have not exceeded policy limits in any of the past three fiscal years.

Notes to Financial Statements
June 30, 2023

Note 12: Risk Management

On November 1, 2011, the College joined with seven other state-assisted community colleges in Ohio to form an insurance-purchasing pool for the acquisition of commercial property, casualty, and general liability insurance. The College pays annual premiums to the pool for coverage based on its percentage of the total insurable value to the pool. There are thirteen members in the pool as of June 30, 2023. Settled claims against College liability policies have not exceeded policy limits in any of the past three fiscal years.

Through the normal course of operations, the College is occasionally named as a defendant in legal actions and claims. In the opinion of management and legal counsel, any liability which may ultimately be incurred will not have a material adverse effect on the financial condition of the College. The College purchases commercial insurance to cover general liability losses.

Note 13: Subsequent Events

On March 2, 2023, the College's Board of Trustees approved a Resolution authorizing the College to issue one or more General Receipts Bonds, Series 2023. The College has determined to issue $4,750,000 principal amount of General Receipts Bonds, Series 2023 for the purpose of paying the costs of certain auxiliary facilities and education facilities as defined in and pursuant to Ohio Revised Code Sections 3345.12 and 3354.121, and to pay costs of issuance of the Bonds. The College closed this transaction on December 5, 2023.

In November 2023, the College announced cost-saving measures to balance the FY 2024 budget and ensure the long-term sustainability of the institution. The estimated annualized cost savings associated with these actions is $5.4 million.

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Note 14: Discretely Presented Component Unit

Note 1: Nature of Business

The Lakeland Foundation (the "Foundation") was formed in 1981 to obtain private financing support for the promotion of excellence at Lakeland Community College (LCC) and operates for the benefit and is a component unit of LCC. The Foundation provides scholarships, support, and loans to financially disadvantaged students, students demonstrating excellent academic abilities, and students meeting criteria of specific donor stipulations. The Foundation also provides support to specific educational departments and programs of LCC. The accounting records for the Foundation are maintained at LCC in Kirtland, Ohio. Certain administrative expenses of the Foundation are paid directly by LCC.

The Foundation serves as fiscal agent for two community organizations. The cash on hand and due to these organizations is reflected on the statement of financial position as cash held for others and due to custodial funds.

The Foundation's primary sources of revenue are endowment income and public support through donations from individuals, corporations, foundations, and trusts located primarily in northeastern Ohio.

Note 2: Significant Accounting Policies

Basis of Presentation

The financial statements of the Foundation have been prepared on the basis of generally accepted accounting principles (GAAP).

Classification of Net Assets

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 14: Discretely Presented Component Unit (continued)

Note 2: Significant Accounting Policies (continued)

Cash Equivalents

The Foundation considers all investments with an original maturity of three months or less when purchased to be cash equivalents.

Concentration of Credit Risk

At various times during the year ended June 30, 2023, the Foundation's cash in bank balances may have exceeded the federally insured limits.

Investments

Investments in equity securities are reported at fair value, with unrealized gains and losses included in earnings.

The Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the period in which the gift is received are both reported as contributions without donor restrictions.

Contributed Services and Assets

Certain donated services are recognized as support in the statement of activities and changes in net assets. The value of these services is determined based on estimated fair value. During the year ended June 30, 2023, a variety of companies agreed to provide the Foundation with catering and other services for its annual golf outing valued at $61,850.

Pledges Receivable

Pledges receivable are funds primarily committed as part of the major gifts campaign. The Foundation provides for uncollectible pledges receivable using the allowance method. Management estimates an allowance based on an aging schedule and a calculation using past-due pledges receivable. Pledges receivable past-due less than one year use an allowance percentage of 50 percent of the past-due amount, and pledges receivable past due greater than one year use an allowance percentage of 100 percent of the past-due amount. Pledges receivable are written off when they are determined to be uncollectible.

Notes to Financial Statements
June 30, 2023

Note 14: Discretely Presented Component Unit (continued)

Note 2: Significant Accounting Policies (continued)

Loans Receivable

Loans receivable are funds committed to qualifying students in the C. Schell Loan Program. This revolving student loan program grants interest-free loans with various repayment terms. The Foundation provides for uncollectible loans receivable using the allowance method. Management estimates an allowance based on historical collection percentages, an aging schedule, and a calculation based on maturity dates of individual loans. Loans receivable are written off when they are determined to be uncollectible.

Deferred Revenue

Various organizations prepay certain funds to the Foundation in advance of meeting certain conditions being met. Revenue related to these payments is deferred and recognized as income as the conditions are met.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas.

The costs of providing the program and support services are reported on a functional basis. Costs are allocated between the various program and support services on an actual basis, where available, or based upon reasonable methods. Although methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes

The Foundation is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Contributed Services and Supplies

Certain administrative functions of the Foundation are performed by administrative employees of LCC at no charge to the Foundation, which totaled $407,289 for the year ended June 30, 2023. Additionally, LCC provides access to office supplies, meeting rooms, and equipment at no charge to the Foundation, which totaled $31,780 for the year ended June 30, 2023. The Foundation records these items as revenue and expense at the value of the costs incurred by LCC.

Donated Fundraising Expenses

Time has been provided by volunteers in fundraising activities; however, these donated services are not reflected in the financial statements since the services do not require specialized skills.

Note 14: Discretely Presented Component Unit (continued)

Note 2: Significant Accounting Policies (continued)

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 10, 2023, which is the date the financial statements were available to be issued.

Note 3: Investments

The details of the Foundation's investments at June 30 are as follows:

Mutual funds:	
Fixed-income mutual funds	$ 3,153,839
Large-cap equity	3,445,221
Mid-cap equity	862,397
International equities	1,026,199
Alternative strategy mutual funds	424,956
Emerging markets equities	423,009
Real estate	200,000
Money market/Cash and reserve mutual funds	241,290
Total	$ 9,776,911

Note 4: Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Note 14: Discretely Presented Component Unit (continued)

Note 4: Fair Value Measurements (continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2023 and the valuation techniques used by the Foundation to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
Assets				
Mutual funds:				
Fixed-income mutual funds	$ 3,153,839	$ -	$ -	$ 3,153,839
Large-cap equity	3,445,221	-	-	3,445,221
Mid-cap equity	862,397	-	-	862,397
International equities	1,026,199	-	-	1,026,199
Alternative strategy mutual funds	424,956	-	-	424,956
Emerging markets equities	423,009	-	-	423,009
Money market/Cash and reserves	174,393	66,897	-	241,290
Real estate	-	200,000	-	200,000
Total assets	$ 9,510,014	$ 266,897	$ -	$ 9,776,911

The fair value of certain money market funds at June 30, 2023 was determined primarily based on Level 2 inputs. The Foundation estimates the fair value of these investments utilizing asset valuation provided by its investment custodian.

Notes to Financial Statements
June 30, 2023

Note 14: Discretely Presented Component Unit (continued)

Note 5: Net Assets

Net assets without donor restrictions consist of the following as of June 30:

Board-designated net assets	$	30,046
Undesignated net assets		224,184
Total net assets without donor restrictions	$	254,230

Net assets with donor restrictions as of June 30 are available for the following purposes:

Subject to expenditures for donor purpose and time restrictions:		
Scholarships	$	826,672
Loans		63,823
Educational and related programs		1,136,330
Future sponsorship activities		10,100
Portion of endowment funds classified for scholarships and educational purposes		1,112,393
Total subject to expenditures for donor purpose and time restrictions		3,149,318
Subject to perpetual donor restrictions:		
Endowment funds		7,498,264
Pledges receivable - Net for endowment		2,097
Total subject to perpetual donor restrictions		7,500,361
Total net assets with donor restrictions	$	10,649,679

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restriction specified by donors or transferred in accordance with donor intentions as follows:

Scholarships	$	544,012
Loans		14,806
Educational and related programs		294,761
Administration/Fundraising		125,815
Transferred - Without donor restrictions		1,588
Total	$	980,982

Note 14: Discretely Presented Component Unit (continued)

Note 6: Donor-restricted and Board-designated Endowments

The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Foundation had interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Note 14: Discretely Presented Component Unit (continued)

Note 6: Donor-restricted and Board-designated Endowments (continued)

	Endowment Net Asset Composition by Type of Fund as of June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 30,046	$ -	$ 30,046
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	7,090,625	7,090,625
Accumulated investment gains	-	1,500,032	1,500,032
Total donor-restricted endowment funds	-	8,590,657	8,590,657
Total	$ 30,046	$ 8,590,657	$ 8,620,703

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 30,046	$ 5,624,419	$ 5,654,465
Investment return:			
Interest and dividends	712	287,360	288,072
Net realized and unrealized (loss) gain	(551)	415,462	414,911
Management fees	(161)	(29,098)	(29,259)
Total investment return	-	673,724	673,724
Contributions	-	2,490,585	2,490,585
Appropriation of endowment assets for expenditure	-	(201,546)	(201,546)
Other changes - Transfer to create endowment fund	-	3,475	3,475
Endowment net assets - End of year	$ 30,046	$ 8,590,657	$ 8,620,703

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. As of June 30, 2023, deficiencies of this nature exist in 16 donor-restricted endowment funds, which together have an original gift value of $3,651,415, a current fair value of $3,542,675, and a deficiency of $133,500. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the board of directors.

Note 14: Discretely Presented Component Unit (continued)

Note 6: Donor-restricted and Board-designated Endowments (continued)

Management Fees

Management fees are recorded based on actual costs of the fees incurred.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for the endowment fund. The policy goal for the Foundation's endowment investment portfolio is to provide a real total return that preserves the purchasing power of the endowment assets while providing an income stream to support the Foundation's activities in support of LCC. Assets for the investment pool include those assets of donor-restricted funds that the Foundation must hold in perpetuity. The Foundation engages an investment manager whose performance is measured against respective benchmarks. The endowment's real total return is sought from an investment strategy that provides an opportunity for superior total returns within acceptable levels of risk and volatility. The Foundation recognizes that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the potential loss in purchasing power due to inflation are present to some degree with all types of investment vehicles. While high levels of risk are to be avoided, the assumption of a moderate level of risk is warranted and encouraged in order to allow the investment portfolio the opportunity to achieve satisfactory results consistent with the objectives and character of the portfolio.

Strategies Employed for Achieving Objectives

For the long term (defined as a rolling five-year period), the primary investment objective for the endowment portfolio is to earn a total return (net of portfolio management and custody fees) within prudent levels of risk, which is sufficient to maintain in real terms the purchasing power of the endowment's assets and support a desired annual spending policy of up to 4.5 percent of the five-year average of the market value of the endowment portfolio.

The Foundation's asset allocation guidelines are reviewed periodically by the Foundation's investment committee, with changes approved by the board of directors. The portfolio's major allocation guidelines allow an allocation of the portfolio to be invested in equity securities. The remaining portfolio funds may be invested in either fixed income, alternatives, or cash equivalent securities.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Lakeland Foundation spending policy is based on a total return approach in order to maintain stable cash flows over an extended period of time, to protect endowment funds against inflation, and to preserve the purchasing power of endowment funds by improving investment growth and management. The spending policy allows up to a maximum of 4.5 percent of the five-year average market value of a designated endowment fund. Spending may include net realized gains earnings over that five-year period and is offset by any previously designated spending amounts. All returns (gains, losses, and income - net of external and internal fees and previously designated spending amount) above 4.5 percent will be reinvested in the endowment fund's portfolio. The spending policy is closely monitored by the investment committee, and recommendations for any changes are forwarded to the executive committee and full board of directors for review and approval.

Note 14: Discretely Presented Component Unit (continued)

Note 6: Donor-restricted and Board-designated Endowments (continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy (continued)

In 2023, the Foundation received a large gift, which included a condominium, which is included in investments as of June 30, 2023. This asset is measured at fair value based on active quoted prices in the real estate market as of June 30, 2023, totaling $200,000. The condominium was sold in August 2023.

Note 7: Pledges Receivable

Pledges were discounted to their present value assuming their respective terms (up to five years) and a discount rate of 6 percent. The pledges receivable - net as of June 30 are scheduled to be collected as follows:

Gross promises to give before unamortized discount	$ 502,619
Less allowance for uncollectible contributions	(1,798)
Less allowance for net present value discount	(12,113)
Net contributions receivable	$ 488,708
Amounts due in:	
Less than one year	$ 358,241
One to five years	134,802
More than five years	9,576
Total	$ 502,619

Note 8: Related-Party Transactions

LCC made distributions to the Foundation of $162,477 for the year ended June 30, 2023, which are recorded on the statement of activities and changes in net assets as contributions of cash and other financial assets. The Foundation distributed $1,007,346 during the year ended June 30, 2023, to LCC. The Foundation also distributed $17,860 in gifts in kind to LCC during the year ended June 30, 2023. The Foundation had receivables from LCC of $15,403 as of June 30, 2023. The Foundation had payables to LCC of $22,098 as of June 30, 2023.

Note 14: Discretely Presented Component Unit (continued)

Note 9: Liquidity and Availability of Resources

The following reflects the Foundation's financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2023
Cash and cash equivalents	$ 530,117
Cash held for others	7,362
Investments	9,776,911
Accounts receivable	134,407
Pledges receivable - Net	488,708
Loans receivable - Net	35,539
Financial assets - At year end	10,973,044
Less those unavailable for general expenditures within one year due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	3,149,318
Restricted by donor with perpetual restrictions	7,500,361
Cash held for others	7,362
Board designations	30,046
Financial assets available to meet cash needs for general expenditures within one year	$ 285,957

The Foundation maintains a policy of structuring its financial assets to be available as its general expenses, liabilities, and other obligations come due. The Foundation is largely supported by donor contributions and grants. The Foundation takes into account donor restrictions that require resources to be used in a particular manner or in a future period and, therefore, maintains sufficient resources to meet those responsibilities. In addition, the Foundation has the ability to access board-designated funds functioning as endowments by special authorization of the board of directors, if necessary.

Required Supplementary Information

Schedule of the College's Proportionate Share of the Net Pension Liability

School Employees Retirement System of Ohio
Last Nine Fiscal Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
College's Proportion of the Net Pension Liability	0.394418%	0.375582%	0.444690%	0.461687%	0.468061%	0.493555%	0.512067%	0.514196%	0.515765%
College's Proportionate Share of the Net Pension Liability	$ 21,333,210	$ 13,857,871	$ 29,412,752	$ 27,623,544	$ 26,806,720	$ 29,488,809	$ 37,478,601	$ 29,340,511	$ 26,102,573
College's Covered Payroll	$ 14,922,327	$ 14,477,985	$ 15,731,453	$ 16,894,053	$ 17,304,534	$ 17,128,424	$ 16,789,379	$ 16,376,110	$ 15,515,567
College's Proportion of the Net Pension Liability as a Percentage of its Covered Payroll	142.96%	95.72%	186.97%	163.51%	154.91%	172.16%	223.23%	179.17%	168.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

(1) Information prior to 2014 is not available.

See accompanying notes to the required supplementary information.

Required Supplementary Information

Schedule of the College's Proportionate Share of the Net Pension Liability

State Teachers Retirement System of Ohio
Last Nine Fiscal Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
College's Proportion of the Net Pension Liability	0.142576%	0.152961%	0.154733%	0.163495%	0.172940%	0.176619%	0.179746%	0.189221%	0.203669%
College's Proportionate Share of the Net Pension Liability	$ 31,694,928	$ 19,557,428	$ 37,439,959	$ 36,155,932	$ 38,025,519	$ 41,956,115	$ 60,166,515	$ 52,295,119	$ 49,539,464
College's Covered Payroll	$ 19,680,998	$ 19,895,344	$ 19,637,731	$ 20,336,213	$ 20,296,337	$ 20,371,148	$ 19,807,673	$ 20,543,317	$ 22,818,304
College's Proportion of the Net Pension Liability as a Percentage of its Covered Payroll	161.04%	98.30%	190.65%	177.79%	187.35%	205.96%	303.75%	254.56%	217.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%

(1) Information prior to 2014 is not available.

See accompanying notes to the required supplementary information.

Required Supplementary Information

Schedule of the College's Contributions - Pension

School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	$ 2,021,321	$ 1,995,392	$ 1,939,620	$ 2,110,438	$ 2,185,337	$ 2,311,162	$ 2,318,894	$ 2,279,593	$ 2,092,265	$ 2,077,209
Contributions in Relation to Contractually Required Contributions	(2,021,321)	(1,995,392)	(1,939,620)	(2,110,438)	(2,185,337)	(2,311,162)	(2,318,894)	(2,279,593)	(2,092,265)	(2,077,209)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College Covered Payroll	$ 15,239,099	$ 14,922,327	$ 14,477,985	$ 15,731,453	$ 16,894,053	$ 17,304,534	$ 17,128,424	$ 16,789,379	$ 16,376,110	$ 15,515,567
Contribution as a Percentage of Covered Payroll	13.26%	13.37%	13.40%	13.42%	12.94%	13.36%	13.54%	13.58%	12.78%	13.39%

See accompanying notes to the required supplementary information.

Required Supplementary Information

Schedule of the College's Contributions - Pension

State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	$ 2,626,539	$ 2,670,252	$ 2,701,239	$ 2,669,968	$ 2,739,481	$ 2,718,386	$ 2,720,411	$ 2,651,831	$ 2,715,449	$ 2,846,641
Contributions in Relation to Contractually Required Contributions	(2,626,539)	(2,670,252)	(2,701,239)	(2,669,968)	(2,739,481)	(2,718,386)	(2,720,411)	(2,651,831)	(2,715,449)	(2,846,641)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College Covered Payroll	$ 19,457,207	$ 19,680,998	$ 19,895,344	$ 19,637,731	$ 20,336,213	$ 20,296,337	$ 20,371,148	$ 19,807,673	$ 20,543,317	$ 22,818,304
Contribution as a Percentage of Covered Payroll	13.50%	13.57%	13.58%	13.60%	13.47%	13.39%	13.35%	13.39%	13.22%	12.48%

See accompanying notes to the required supplementary information.

Required Supplementary Information

Schedule of the College's Proportionate Share of the Net OPEB Liability

School Employees Retirement System of Ohio
Last Six Fiscal Years (1)

	2022	2021	2020	2019	2018	2017
College's Proportion of the Net OPEB Liability	0.383010%	0.372137%	0.429966%	0.447464%	0.457483%	0.482726%
College's Proportionate Share of the Net OPEB Liability	$ 5,377,497	$ 7,042,991	$ 9,344,557	$ 11,252,767	$ 12,691,822	$ 12,955,098
College's Covered Payroll	$ 14,922,327	$ 14,477,985	$ 15,731,452	$ 16,894,052	$ 17,304,533	$ 17,128,424
College's Proportion of the Net OPEB Liability as a Percentage of its Covered Payroll	36.04%	48.65%	59.40%	66.61%	73.34%	75.64%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%

(1) Information prior to 2017 is not available.

See accompanying notes to the required supplementary information.

Required Supplementary Information

Schedule of the College's Proportionate Share of the Net OPEB Liability (Asset)

State Teachers Retirement System of Ohio
Last Six Fiscal Years (1)

	2022	2021	2020	2019	2018	2017
College's Proportion of the Net OPEB Liability/Asset	0.142576%	0.152961%	0.154733%	0.163495%	0.172940%	0.176619%
College's Proportionate Share of the Net OPEB (Asset) Liability	$ (3,691,779)	$ (3,225,055)	$ (2,719,435)	$ (2,707,870)	$ (2,778,961)	$ 6,891,004
College's Covered Payroll	$ 19,680,998	$ 19,895,344	$ 19,637,731	$ 20,336,213	$ 20,296,337	$ 20,371,148
College's Proportion of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-18.76%	-16.21%	-13.85%	-13.32%	-13.69%	33.83%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.70%	174.70%	182.10%	174.70%	176.00%	47.10%

(1) Information prior to 2017 is not available.

See accompanying notes to the required supplementary information.

Required Supplementary Information

Schedule of the College's Contributions - OPEB

School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	$ 143,805	$ 146,368	$ 169,173	$ 127,284	$ 232,503	$ 252,575	$ 179,292	$ 159,381	$ 270,296	$ 155,873
Contributions in Relation to Contractually Required Contributions	(143,805)	(146,368)	(169,173)	(127,284)	(232,503)	(252,575)	(179,292)	(159,381)	(270,296)	(155,873)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College Covered Payroll	$ 15,239,099	$ 14,922,327	$ 14,477,985	$ 15,731,452	$ 16,894,052	$ 17,304,533	$ 17,128,424	$ 16,789,379	$ 16,376,110	$ 15,515,567
OPEB Contribution as a Percentage of Covered Payroll	0.94%	0.98%	1.17%	0.81%	1.38%	1.46%	1.05%	0.95%	1.65%	1.00%

See accompanying notes to the required supplementary information.

Schedule of the College's Contributions - OPEB

State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 218,972
Contributions in Relation to Contractually Required Contributions	-	-	-	-	-	-	-	-	-	(218,972)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College Covered Payroll	$ 19,457,207	$ 19,680,998	$ 19,895,344	$ 19,637,731	$ 20,336,213	$ 20,296,337	$ 20,371,148	$ 19,807,673	$ 20,543,317	$ 22,818,304
OPEB Contribution as a Percentage of Covered Payroll	- %	- %	- %	- %	- %	- %	- %	- %	- %	1.00%

See accompanying notes to the required supplementary information.

Notes to the Required Supplementary Information
June 30, 2023

Note 1: Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2022, an assumption of 2.0% was used for COLA or Ad Hoc Cola. Beginning in fiscal year 2018, an assumption of 2.5% was used. Prior to 2018, an assumption of 3.0% was used.

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. Assumptions are compared to those used in prior fiscal years below:

	Fiscal Year 2023-2022
Wage inflation	2.40%
Future salary increases, including inflation	3.25% to 13.58%
Investment rate of return	7.00% net of investments expense, including inflation

	Fiscal Year 2021-2017	Fiscal Year 2016 and Prior
Wage inflation	3.00%	3.25%
Future salary increases, including inflation	3.50% to 18.20%	4.00% to 22.00%
Investment rate of return	7.50% net of investments expense, including inflation	7.75% net of investments expense, including inflation

Beginning with fiscal year 2022, mortality assumptions use mortality rates that are based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions – STRS

Beginning with fiscal year 2023, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions used in fiscal year 2023 compared with those used prior are presented below:

	Fiscal Year 2023	Fiscal Year 2022
Inflation	2.50%	2.50%
Discount rate	7.00%	7.00%
Projected salary increases	Varies by service from 2.5% to 8.5%	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Payroll increases	3.00%	3.00%
Cost-of-Living Adjustments (COLA)	0.00%, effective July 1, 2017	0.00%, effective July 1, 2017

Note 1: Net Pension Liability (continued)

Changes in Assumptions – STRS (continued)

	Fiscal Year 2018-2021	Fiscal Year 2017 and Prior
Inflation	2.50%	2.75%
Discount rate	7.45%	7.75%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.25% at age 20 to 2.75% at age 70
Investment rate of return	7.45%, net of investment expenses, including inflation	7.75%, net of investment expenses, including inflation
Payroll increases	3.00%	3.50%
Cost-of-Living Adjustments (COLA)	0.00%, effective July 1, 2017	2.00% simple applied as follows: for members retiring before August 1, 2013, 2.00% per year; for members retiring August 1, 2013, or later, 2.00% COLA commences on fifth anniversary of retirement date.

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Beginning in fiscal year 2023, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For fiscal year 2019 through 2022, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Postretirement disabled mortality rates are based on the RP-2014. Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Notes to the Required Supplementary Information
June 30, 2023

Note 1: Net Pension Liability (continued)

Changes in Assumptions – STRS (continued)

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Note 2: Net OPEB Liability (Asset)

Changes in Assumptions – SERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:
Fiscal year 2023 3.69%
Fiscal year 2022 1.92%
Fiscal year 2021 2.45%
Fiscal year 2020 3.13%
Fiscal year 2019 3.62%
Fiscal year 2018 3.56%
Fiscal year 2017 2.92%

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
Fiscal year 2022 4.08%
Fiscal year 2022 2.27%
Fiscal year 2021 2.63%
Fiscal year 2020 3.22%
Fiscal year 2019 3.70%
Fiscal year 2018 3.63%
Fiscal year 2017 2.98%

Beginning in fiscal year 2023 the healthcare cost trend rate was updated from 6.75% decreasing to 4.40% to 7.00% decreasing to 4.40%. Beginning in fiscal year 2022 the healthcare cost trend rate was updated from 7.00% decreasing to 4.75% to 6.75% decreasing to 4.40%. Beginning in fiscal year 2021 the healthcare cost trend rate was updated from 7.25% decreasing to 4.75% to 7.00% decreasing to 4.75%. Beginning in fiscal year 2020 the healthcare cost trend rate was updated from 7.5% decreasing to 5.0% to 7.25% decreasing to 4.75%.

Notes to the Required Supplementary Information
June 30, 2023

Note 2: Net OPEB Liability (Asset)

Changes in Assumptions – STRS

For fiscal year 2022, the discount rate was decreased from 7.45% to 7.00%. Changes to healthcare cost trends for medical and prescription drug were adjusted for Medicare.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*. Valuation year per capita health care costs were updated.

Also for fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2018, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

Changes in Benefit Term Changes – STRS

There was no change to the claims costs process. Claim curves were updated to reflect the projected June 30, 2023 premium based on June 30, 2022 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2023 from 2.100% to 2.200%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2023. The Medicare Part D subsidy is expected to be negative in 2023 and is not included in the fiscal 2023 rates.

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in 2022. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

Notes to the Required Supplementary Information
June 30, 2023

Note 2: Net OPEB Liability (Asset) (continued)

Changes in Benefit Term Changes – STRS (continued)

There was no change to the claims costs process. Claim curves were updated to reflect the projected June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Trustees
Lake County Community College District
d/b/a Lakeland Community College

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Lake County Community College District d/b/a Lakeland Community College (the "College") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 21, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Trustees
Lake County Community College District
d/b/a Lakeland Community College

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

December 21, 2023

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Trustees
Lake County Community College District
d/b/a Lakeland Community College

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lake County Community College District d/b/a Lakeland Community College's (the "College") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2023. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor’s Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with the Uniform Guidance, which is described in the accompanying schedule of findings and questioned costs as Finding 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards require the auditor to perform limited procedures on the College's response to the noncompliance finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

To the Board of Trustees
Lake County Community College District
d/b/a Lakeland Community College

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention of those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2023-001 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards require the auditor to perform limited procedures on the College's response to the internal control over compliance finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

December 21, 2023

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Clusters:				
Student Financial Assistance Cluster				
U.S. Department of Education - Direct Programs:				
Federal Supplemental Education Opportunity Grants	84.007	Not Applicable	$ -	$ 449,289
Federal Work-Study Program	84.033	Not Applicable	-	32,911
Federal Pell Grant Program	84.063	Not Applicable	-	4,812,308
Federal Direct Student Loans	84.268	Not Applicable	-	4,916,201
Total Student Financial Assistance Cluster			-	10,210,709
CCDF Cluster				
U.S. Department of Health and Human Services - Passed through The Ohio Department of Job and Family Services (ODJFS) - Child Care and Development Block Grant - OCCRRA Child Care Stabilization Grant	93.575	None	-	175,712
Total Clusters			-	10,386,421
Other Programs:				
U.S. Department of Education - Direct Programs:				
COVID-19 - Education Stabilization Fund	84.425E	Not Applicable	-	16,909
COVID-19 - Education Stabilization Fund	84.425F	Not Applicable	-	5,592,842
COVID-19 - Education Stabilization Fund	84.425M	Not Applicable	-	929,887
Total Education Stabilization Fund			-	6,539,638
Passed through Ohio Department of Education - Career and Technical Education - Basic Grants to States	84.048	063347-20C3-2009	-	174,894
U.S. Department of Labor - Passed through Lorain County Community College - Workforce Data Quality Initiative (WDQI) - NEO Equity In Tech Strengthening Community Colleges	17.261	None	-	3,836
Small Business Administration - Direct Programs:				
Small Business Development Centers (SBDC)	59.037	Not Applicable	-	108,188
COVID-19 - Small Business Development Centers (SBDC)	59.037	Not Applicable	-	9,703
Total Small Business Administration			-	117,891
Total other programs			-	6,836,259
Total federal awards			**$ -**	**$ 17,222,680**

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Lake County Community College District d/b/a Lakeland Community College (the “College”) under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements*, *Cost Principles*, and *Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The pass-through entity identifying numbers are presented where available.

The College has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Loan Balances

The College participates in the Federal Direct Loan Program (ALN 84.268). The College originates but does not provide funding for federal direct loans (FDL). The amount presented on the schedule of expenditures of federal awards represents the value of new FDL processed by the College for the year ended June 30, 2023.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	______ Yes	X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______ Yes	X None reported
Noncompliance material to financial statements noted?	______ Yes	X None reported

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	X Yes	______ No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______ Yes	X None reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	X Yes	______ No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
84.425	COVID-19 Education Stabilization Fund	Unmodified
Various	Student Financial Assistance Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee?	______ Yes	X No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

Reference Number	Finding
2023-001	**Assistance Listing Number, Federal Agency, and Program Name** - 84.425, U.S. Department of Education, Education Stabilization Fund

Federal Award Identification Number and Year - P425E203325, 2020; P425F202751, 2020; P425M200930, 2020

Pass-through Entity - N/A

Finding Type - Material weakness and material noncompliance with laws and regulations

Repeat Finding - Yes

2022-001

Criteria - The College must minimize the time elapsed between the transfer of funds from the United States Treasury to the College and the disbursement of those funds, as outlined in 2 CFR Section 200.305(b).

Condition - The College drew down the full amount of each award prior to the funds being disbursed to students or used for allowable expenditures, including lost revenue.

Questioned Costs - There were no questioned costs identified.

Context - In November 2021, the College drew down $5,882,052 for the student aid portion and $5,622,717 for the institutional aid portion. In July 2022, the College drew down $929,887 for the Strengthening Institutions Program (SIP). In each case, the College did not spend the funds within the required time frame following the cash management rules under 2 CFR Section 200.305(b).

Cause and Effect - The College was not aware that cash management requirements under the Uniform Guidance applied to these programs, which resulted in an excess of funds drawndown.

Recommendation - We recommend the College implement a process to minimize the time elapsed between the transfer of funds from the United States Treasury to the College and the disbursement of those funds.

Views of Responsible Officials and Corrective Action Plan - There is no more HEERF or federal stimulus funding to be drawn down moving forward. However, if there is in the future, the College will follow the three-day drawdown rules for cash disbursements.

Lakeland COMMUNITY COLLEGE
7700 Clocktower Drive • Kirtland, Ohio 44094-5198 • 440.525.7000 • 1.800.589.8520

December 20, 2023

Lakeland Community College

June 30, 2023

Summary Schedule of Prior Audit Findings

Prior Year Finding Number: 1

2022-001

Fiscal Year in Which the Finding Initially Occurred:

2022

Federal Program, Assistance Listing Number and Name:

84.425, U.S. Department of Education, Education Stabilization Fund

Original Finding Description:

The College drew down an estimated amount for student and institutional portions prior to the funds being disbursed to students or used for allowable expenditures.

Status/Partial Corrective Action (as applicable):

There was a repeat finding in FY23. The College found the three-day disbursement rule an administrative burden. There will be no further drawdowns moving forward.

Planned Corrective Action:

There was a draw down in FY23. FY23 was the last year.

Prior Year Finding Number: 2

2022-002

Fiscal Year in Which the Finding Initially Occurred:

2022

Federal Program, Assistance Listing Number and Name:

84.425, U.S. Department of Education, Education Stabilization Fund

Original Finding Description:

The College did not retain underlying support related to the student emergency grants information reported by the College on the annual and quarterly reporting.

Status/Partial Corrective Action (as applicable):

Fully corrected. The backup student and financial aid data and reports have been retained by the College.

Planned Corrective Action:

NA.

Prior Year Finding Number: 3

2022-003

Fiscal Year in Which the Finding Initially Occurred:

2022

Federal Program, Assistance Listing Number and Name:

84.425, U.S. Department of Education, Education Stabilization Fund

Original Finding Description:

The College reported $593,703 of expenditures on the SEFA for disbursements to students that occurred prior to July 1, 2021. This treatment is not in accordance with the accrual basis of accounting following generally accepted accounting principles (GAAP), which is the basis of accounting for the College's SEFA.

Status/Partial Corrective Action (as applicable):

Fully corrected.

Planned Corrective Action:

NA.

Lakeland COMMUNITY COLLEGE
7700 Clocktower Drive • Kirtland, Ohio 44094-5198 • 440.525.7000 • 1.800.589.8520

December 21, 2023

Lake County Community College District d/b/a Lakeland Community College

June 30, 2023

Corrective Action Plan

Finding Number: 2023-001

Condition: The College drew down an estimated amount of cash prior to the funds being disbursed to students or used for allowable expenditures.

Planned Corrective Action: There is not anymore HEERF or federal stimulus funding to be drawn down moving forward. However, if there is in the future, the College will follow the three-day drawdown rules for cash disbursements.

Contact person responsible for corrective action: Tom Reynolds College Treasurer

Anticipated Completion Date: 12/14/2023 as soon as possible moving forward

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OHIO AUDITOR OF STATE
KEITH FABER

LAKELAND COMMUNITY COLLEGE

LAKE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.

Certified for Release 1/23/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370